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ABSTRACT

This document presents a comprehensive review of undergraduate student aid programs at provincially assisted universities in Ontario, with emphasis on accessibility to higher education. It was the purpose of the Subcommittee on Student Aid to determine the best means of financial support to students that would best benefit all persons seeking postsecondary education. Loan programs, it was found, are often a barrier to higher education for persons from low economic backgrounds. These persons would prefer to have no education at all if it means going into great debt. Thus, the subcommittee recommends a financial aid policy that would call for those with the ability to pay for their educations to do so and for those unable to pay, a scholarship program that would not have to be fully repaid. (HS)

# ACCESSIBILITY AND STUDENT AID



**REPORT OF THE SUBCOMMITTEE ON STUDENT AID OF THE COUNCIL OF ONTARIO UNIVERSITIES**

**(Formerly, Committee of Presidents of Universities of Ontario)**

**MAY 1971**

# ACCESSIBILITY AND STUDENT AID

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(Formerly, Committee of Presidents of Universities of Ontario)

102 Bloor Street West, Toronto 181, Ontario

MAY 1971

## FOREWORD

In October 1969, the Committee of Presidents (now named the Council of Ontario Universities) asked its Subcommittee on Student Aid to undertake a comprehensive review of undergraduate student aid programmes, and the Ontario Council on Graduate Studies to perform a similar review at the graduate level.

The Subcommittee on Student Aid, under the chairmanship of Dr. Peter Morand of the University of Ottawa, pursued its task vigorously through late 1969 and 1970. The final version of its Report, entitled Accessibility and Student Aid, was approved by the Committee of Presidents in April 1971 for publication and transmittal to governmental bodies concerned with student aid.

This Report, and its companion at the graduate level, Report to the Ontario Council on Graduate Studies of the Committee on Student Financial Support, August 1970, carry the endorsation of the Council of Ontario Universities as statements of principles which in the Council's view ought to govern programmes of student assistance.

Student aid has been the subject of wide-ranging discussion in the university community and the public arena over recent months. Certain alternatives receiving much attention appear to the Council of Ontario Universities to contradict the aim of accessibility -- the keynote of the Subcommittee's approach to student assistance.

This document provides an important contribution to the continuing debate on how best to serve the needs of the student and the interests of society.

John B. Macdonald,
Executive Director,
Council of Ontario Universities.

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## INTRODUCTION

The CPUO Subcommittee on Student Aid was established in February, 1967 with the following terms of reference:

a) To study the problems relating to the provision and administration of financial aid to university students in Ontario, and to make recommendations on these matters to the Committee of Presidents;

b) To maintain liaison with appropriate officials of the Department of University Affairs;

c) To undertake such other related tasks as may be assigned to it by the Committee of Presidents.

In a letter dated October 14, 1969 to the Minister of Education, the Executive Vice-Chairman of the CPUO informed the Minister that a thorough review of student aid programs was being undertaken by the Ontario Council of Graduate Studies at the graduate level and by the CPUO Subcommittee on Student Aid at the undergraduate level. When the reports from these two groups had been considered by the CPUO, the latter would communicate its recommendations to the bodies that advise the Minister in this area.

The Subcommittee began its review of student aid in Ontario universities late in the fall of 1969 and presented a preliminary statement to the CPUO for its meeting of January 16, 1970 on the report of the Institute for Quantitative Analysis of Social and Economic Policy, "Student Financial Assistance Programs" prepared by Gail C.A. Cook and David A.A. Stager. At this meeting it was decided that every Ontario university should establish a study group and report to the Subcommittee its specific views concerning financial aid to undergraduates. A letter* was subsequently sent from the CPUO Secretariat to

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* CPUO Circuletter 543, January 23, 1970.

the provincially-assisted universities requesting:

> that each university form a study group which should include professors, student aid administrators and students to:
>
> i) examine the existing Province of Ontario Student Awards Program and make suggestions for improving this program;
>
> ii) examine the Cook-Stager report and similar Educational Opportunity Bank schemes and make recommendations regarding the feasibility of such loan programs;
>
> iii) suggest areas where further studies should be made relevant to financial aid to students at the undergraduate level.

The original deadline of April 1, 1970 for the submission of these reports could not be met by most universities and, although the deadline was extended several times, some of the reports were not received until late summer. These reports are contained in Appendix "A" which has been bound separately, and is available from the CPUO. It will be noted that, with few exceptions, the study groups included student representatives. In the case of the University of Toronto it was not possible to have students represented through the official channels (see page A-96). However, the document "A Working Paper on Student Aid," made available to the Ontario Committee on Student Awards by the University of Toronto Students' Administrative Council was considered by the Subcommittee and the Chairman of the latter met with Mr. Marino, the author of that paper, in Ottawa on August 17, 1970.

In addition to the above sources of material for the present brief, a number of discussions took place with Dr. Gail Cook, Dr. David Stager, Mr. David Cook, the members of OCSA and with individuals in the Research Section of the Association of Universities and Colleges of Canada. The Subcommittee also gratefully acknowledges the assistance and cooperation of Mr. D. Bethune, Director, Ontario Student Awards Program and Mr. A. Gordon, Assistant Deputy Minister, Department of University Affairs as well as of other members of staff of the Department of University Affairs in providing information required by our Subcommittee. A bibliography of literature consulted in the preparation of this brief is contained in Appendix "B".

A meeting of the Subcommittee was held on June 11, 1970 when some of the reports had been submitted by Ontario universities to determine the scope of the brief and its actual preparation. Mr. Hugh Doyle, a third year law student working in the office of the Chairman at the University of Ottawa for the summer, attended this meeting in his capacity of research assistant for the Subcommittee. It was decided that the Chairman along with Mr. Doyle would assume responsibility for the preparation of the first draft of the brief using the university study group submissions and whatever quantitative and qualitative data that were available. Using this draft as a working document several prolonged meetings of the Subcommittee were held in Ottawa and in Toronto which resulted in this submission to the CPUO.

A few words need to be said about the orientation of the report itself. The reader should realize that the Subcommittee has not attempted an economist's analysis of student aid expenditures. It has come to my attention, for instance, that the Subcommittee's use of the term "equity" - to describe our conviction that the contributions of student and society to the cost of the former's education should be fairly proportional to the benefits accruing to each - does not strictly conform to the meaning given this term by economists who prefer "allocation" and "distribution" to describe and expand this area of concern.

Although we have preferred to deal with the topic of student aid in a manner somewhat more general than strictly economic, a significant part of our report has dealt with the Cook-Stager document, which has been prominent in discussions of student aid in this province during the past year. Cook and Stager's CORSAP proposal, while in its pure form not necessarily a loan-oriented model, has been widely interpreted as providing a mechanism for such a form of student aid in this province. It has been relied on as an apologia by many of those who favour a scheme of student aid which would make possible greatly increased cost to the student and an all-loan form of award. To the extent that the Cook-Stager report results - in tone and in interpretation - in an argument for such a change in the form of student aid in Ontario, the reader will find it criticized by the Subcommittee.

We have not excluded the possibility that an adjustment in the contribution of the student to the cost of his education may be warranted. We have insisted, however, that a proper evaluation of the current levels of contribution of both student and society be undertaken before any such change can be made. Above all, we have been interested, as our terms of reference have required, in surveying the attitudes of the universities of Ontario and in reviewing the documentation in the field of student aid, in order to provide the Committee of Presidents with a comprehensive statement of principle that we feel should guide them in expressing their views on how best to serve the post-secondary students of this province.

Peter Morand
Chairman
CPUO Subcommittee
on Student Aid

April, 1971.

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## LIST OF ABBREVIATIONS USED

AUCC - Association of Universities and Colleges of Canada.

CAAT - College of Applied Arts and Technology.

COM - Council of Ministers of Education, Canada.

CORSAP - Contingent Repayment Student Assistance Program.

CPUO - Committee of Presidents of Universities of Ontario (re-named Council of Ontario Universities on May 1, 1971).

CSLP - Canada Student Loans Plan.

CUA - Committee on University Affairs.

DBS - Dominion Bureau of Statistics.

DUA - Department of University Affairs.

EOB - Educational Opportunity Bank.

OCSA - Ontario Committee on Student Awards.

OSAP (POSAP) - Province of Ontario Student Awards Program.

OUS - Ontario Union of Students.

PSSP - Post-Secondary Student Population Survey.

## I. SOME BASIC CRITERIA

> It is evident, particularly in view of the economic situation which faces both provincial and federal governments today, that the costs of post-secondary education are increasing at a much more rapid rate than is the general productivity of the nation.[1]

The rapidly increasing cost of post-secondary education has led to a lively discussion and re-examination of the relative responsibilities of the individual student and of society in general for the costs of higher education. Much of the discussion has centered on student aid since a number of proposals have been made which would pave the way for the student to absorb a greater portion of the direct costs of his post-secondary education than is at present the case.

Obviously, resolution of this dilemma of relative responsibility must await the emergence of a consensus as to the benefits of higher education which accrue solely to the individual and the gains which flow to society in general. The issues that the Subcommittee has referred to under the heading of <u>equity</u> have perhaps been described most succinctly by Dr. A.R. Dobell:

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1. Council of Ministers of Education, Canada, Post-Secondary Education Committee, Sub-Committee on New Approaches to Student Assistance, "Summary of a Proposal for a New Program of Financial Assistance to Students", Appendix "H", p.H-2. See also the <u>Seventh Annual Review</u> of the Economic Council of Canada, Ref. 37, Chapter 5.

Reference numbers used in the footnotes throughout this Report correspond to the sources listed in Appendix "B".

> The transfer of resources to education represents a real cost to the community in terms of its other goals foregone, and there is no way to avoid this cost. It follows that we must find ways to test very carefully that the benefits of this transfer justify the sacrifices entailed, and to ensure that these sacrifices do not fall disproportionately upon particular groups, especially upon those which might be barred from access to the direct benefits of the transfer.[1]

It is the opinion of this Subcommittee that to discuss student aid without regard to equity is both narrow and unrealistic: narrow in the sense that it selfishly presumes that education should hold, as though by divine right, a peculiarly exhalted position in the ranking of social priorities; unrealistic in that such posturing on the part of a special interest group is likely to be-deservedly- ignored. While not denying that this Report speaks on behalf of a group with particular interests, the Subcommittee has attempted in its discussion of student aid to take the wider interests of society into account.

At the same time, it is the Subcommittee's firm belief that a concern with equity should not cause other equally important considerations to be compromised or even overlooked. It is our opinio: that the effectiveness of a student aid scheme will be seen in the extent to which it is able to make post-secondary education accessible to all those with the necessary qualifications. In societies where this "eligible" group is presumed to include all academically qualified citizens, we believe the best measure of the

1. Dr. A.R. Dobell, in the Forward to the Cook-Stager report, Reference 6.

effectiveness of a student aid program is the degree to which the socio-economic mix of the post-secondary enrolment approximates that of the society as a whole. Here, of course, a less-than-perfect correlation might be due to factors that student aid is not equipped to deal with, such as unequal distribution of requisite academic credentials among socio-economic groups. It is not unreasonable, however, to ask a student aid scheme to compensate for some biases in the social system - for instance, the relative reluctance of high school students from lower socio-economic group families to undertake debt to finance post-secondary education. To de-emphasize or undervalue the fundamental importance of student aid in the promotion of accessibility is both educationally injurious and socially shortsighted.

We believe, therefore, that it is imperative that these two objectives - the promotion of accessibility and the safe-guarding of equity - each be realized in any student aid scheme. We wish, however, to register our deep concern that the former not be brushed aside unintentionally or indirectly by a simplistic zeal that confuses the safeguarding of equity with indiscriminate cost-cutting.

A third and perhaps less glamourous consideration is the viability of any scheme which, on paper, seems able to provide for both equity and accessibility. To be viable a student aid scheme must not itself impose major (e.g., psychological) deterrents to potential recipients. Furthermore, it must be administratively workable and financially feasible.

In our Report we have assessed the current student aid scheme in Ontario, evaluated recently-proposed alternative schemes, and submitted our own recommendations with these criteria in mind: equity, accessibility and viability.

It should be noted that the Subcommittee's main focus is on the merits of student aid schemes as they affect university undergraduates. We acknowledge that no true appreciation of trends in accessibility in the Province can be obtained by restricting our attention to changes in the socio-economic composition of university undergraduate enrolments; nor do we pretend that the university undergraduate population should be the yardstick by which the effectiveness of a student aid program for the entire post-secondary sector should be measured. We are concerned, however, that an overview of post-secondary accessibility in the Province not ignore the particular composition of university undergraduate enrolments.

Student financial aid cannot be effectively considered without taking into account the operating and capital financing of the provincial post-secondary system. To date student aid has constituted but a small part of the total funds allocated for post-secondary education in Ontario. To the extent that student aid facilitates attendance by greater numbers of students at post-secondary institutions, it must, of course, require subsequent expenditures for the education of these new arrivals. More important, however, is the fact that student aid is now beginning to be seen in some quarters as a vehicle by which a greater proportion of the expanding costs of post-secondary institutions could be absorbed by the student himself. What are these costs, and why are they incurred? Who benefits from post-secondary education and to what extent? How much should society be expected to sacrifice to educate its youth? How many young people should go on to post-secondary institutions anyway? A little thought provokes the realization that these issues are the heart of the matter. The Subcommittee has attempted to deal with all of them in this Report, which we have intended to be as much a survey of current literature and thinking as it is a vehicle of expression for the universities of Ontario.

## II. ACCESSIBILITY TO HIGHER EDUCATION IN ONTARIO

No system of student financial aid can be divorced from an enunciated policy decision as to how many students are to be educated at the post-secondary level. The finances which society disposes to aid some portion of its population to further their education must be seen, at least to some degree, as an active tool to encourage accessibility. To an extent, this encouragment is motivated by the conviction that society has a role to play in enabling the individual to realize his own potential, to develop his talents and capacities and to increase his own awareness. In return, in any case, society reaps the benefit of the skills he has acquired, and gains a better-educated citizen more capable of coping with the complexities of modern society.

In June of 1965, the Presidents'Research Committee submitted the Report "Student Awards", which made recommendations as to the nature, amount, and sources of support for students. The Research Committee began its study with the statement:

> Student awards should be considered as the means to the ends of some general policy of higher education. If there are clearly announced policies and plans to provide university education for say one-quarter of the college age group, large sums will obviously be necessary to achieve this goal. If, on the other hand, it is decided that, for whatever reasons, only one-tenth of the age group should go to university, much smaller sums would be required. Student

> awards are then an important part of educational planning and must be considered as a legitimate claim against the total funds which society has decided to invest in education, particularly higher education.[1]

It should be made clear at the outset that, while it <u>can</u> deal with one of the major barriers to accessibility, a student financial aid program is only one of the tools available to a society to realize its accessibility goals in the higher education of its citizenry. Such programs can provide aid only to those who are potentially classifiable as "students", and as such cannot touch many of those rendered inaccessible to higher education; those, for instance, who have abandoned formal academic training before at least the junior matriculation level, or who do not have what post-secondary institutions consider the "right type" of formal academic background. Nor is the highly selective voyage from first grade to the threshold of higher education one in which all casualties are due to lack of innate ability. It has been widely observed that completion of one level of school and entry into another represent a process of social as well as of academic selection. In this process socio-economic factors play a particularly important role in shaping the relations among ability, interest and academic achievement. And these factors interact, in complicated ways, with a variety of other influences: demographic factors, such as sex and race; family characteristics, such as the form of decision-making and the modes of child-rearing; attitudinal

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1. Presidents'Research Committee, "Student Awards" , Ref. 29, p. 3. The recommendations of this report are listed in Appendix "C".

variables such as aspirations and expectations.[1]

Probably, then, no society could ever hope to educate all of its citizens at the post-secondary level, as long as it is judged that access to tertiary education requires some academic pre-qualification. Nevertheless, societies are capable of setting accessibility goals within the strictures imposed by those of the above-mentioned barriers to accessibility which might be immune to the effects of any policy designed to encourage attendance at post-secondary institutions. If we can determine just what those goals have been assumed or enunciated, we are in some position to evaluate the effectiveness of a student aid program as a tool in their realization. Furthermore, ascertainment of society's objectives in the area of higher education will enable us to examine critically the relative claims of proposed alternative schemes of student financial aid.

The student aid philosophy of the Province of Ontario, as expressed on numerous occasions[2], is that no student who has the academic ability to pursue higher education should be denied the opportunity to do so because of insufficient financial means.

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1. For an extensive survey of accessibility to higher education in Canada, see Robert M. Pike, Who Doesn't Get to University... and Why, Reference 17.

2. Reference 50, p. 2. See also Legislature of Ontario Debates, Wednesday, June 10, 1970, p. 3487.

Further statements by the government and its advisory bodies[1] that the policy of the present government is that no qualified applicant be denied a place in the provincially-assisted universities have led this Subcommittee to conclude that the "general policy of higher education" referred to in the 1965 Report of the Presidents'Research Committee has now taken the shape of a fairly "clearly announced policy" on the part of the Ontario Government, a policy which might be described as:

> universal accessibility, qualified by such concepts as academic achievement and a willingness to undertake at least partial personal financial responsibility.

To the best of the Subcommittee's knowledge, such an enunciation of provincial policy puts no words in anyone's mouth, and is a fair synopsis of expressed provincial attitudes toward accessibility to higher education.

Has the Province yet achieved its goal? Unfortunately an accurate evaluation of trends in accessibility to universities in the Province of Ontario would require much fuller information than is currently available. Nevertheless, the Subcommittee has felt it imperative to make some attempt to produce a rough picture of the trends in accessibility in this province. Even if information were readily available on Ontario family income

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1. Limiting university enrolments would be "hopelessly naive and counter-productive" according to the Chairman of the CUA upon release of the Committee's Annual Report for 1968-69. Globe and Mail ,January 12, 1970.

statistics and representation of socio-economic classes in Ontario universities for all points in time over the past decade or so (which it is not), there is no information on the real effects on accessibility of student aid schemes available to Ontario students. The following discussions are hampered, for instance, by the disagreement even amongst researchers on criteria to be used in accessibility surveys. In spite of these difficulties, the Subcommittee feels that there are sufficiently visible trends to permit it to comment on how well Ontario has done in encouraging post-secondary education at the undergraduate level.

Current estimates of the Department of University Affairs Research Branch[1] indicate that in the academic year 1970-71 post-secondary full-time enrolment in the province will reach 180,000 or 36% of the 18-21 group. This total corresponds closely to the projections of Zsigmond and Wenaas[2] of 176.9 thousand. These authors find that the percentage of the

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1. Source: Letter of the Director of the DUA Information Branch regarding the submission to this Subcommittee by the University of Waterloo (August 18, 1970) p. 2.

2. Z.E. Zsigmond and C.J. Wenaas, Ref. 24, Table A-40, p. 127. Watson and Quazi, Ref. 22, deal with "Total University Enrollment in Ontario, as a % of 18-24 age group" (Tables 1 and 2, pages 9 and 10) and "Total Undergraduate Enrollment as a % of 18-21 age group" (Tables 5, 9, 10, 11, 12). Their figures for the former are about 13.4%; for the latter figures vary from 17.80 to 19.66%. It should be noted that the Zsigmond and Wenaas enrolment projection for universities is high (as observed later in the report). However their projection for all post-secondary institutions with which we are here concerned, appears to be more accurate.

broader 18-24 age group should reach 19.6% in 1970-71.[1]

If we consider as well DUA figures[2] indicating that 40% of post-secondary students in Ontario were assisted under OSAP, then, presuming that most OSAP recipients were between 18 and 24, it may be concluded that OSAP is actively assisting eight per cent of the traditionally-considered "post-secondary" age group in the province.

Of great importance in evaluating the state of accessibility to higher education is the breakdown of the post-secondary student population by family income groups and comparison of this breakdown with the population at large. Fisher[3] notes that the effect of one of the earliest attempts to do this in Canada, that of CUS's Robert Rabinovitch[4], was to foster the notion that the lower socio-economic groups were grossly under-represented in the country's universities to the benefit of the upper economic classes, and that "accessibility" was the prerogative of the rich and the dream of the poor. Fisher suggests that the picture painted by the Rabinovitch Report was not completely accurate due to certain statistical assumptions which it contained. Fisher paints a somewhat brighter picture of Canadian accessibility to higher education through the 1960's.

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1. Reference 24, Table 41, p. 128.
2. DUA Awards brochure.
3. E.A. la S. Fisher, Reference 7.
4. Robert Rabinovitch, Reference 20.

The Department of University Affairs, in figures prepared by the Research Branch dated May, 1970[1] has compared the family incomes of Ontario's post-secondary student population[2] with the prevalence of such incomes in Ontario at large[3], indicating that only the under-$3,000 and $7-10,000 groups are under-represented in Ontario's post-secondary institutions and by 1.2 and 3.4 percentage points respectively. The following are the figures given in Table II of the DUA study paper "Accessibility - 1970" showing the percentage distribution of all 1968-69 Ontario post-secondary students by combined parental income:

| INCOME RANGE | % POST-SECONDARY STUDENTS | 1969 ONTARIO FAMILIES |
|---|---|---|
| Under $1,000 | 1.6 | 1.6 |
| 1,000-2,000 | 2.3 | 2.3 |
| 2,000-3,000 | 3.0 | 4.2 |
| 3,000-4,000 | 4.4 | 4.8 |
| 4,000-5,000 | 6.2 | 5.6 |
| 5,000-6,000 | 9.3 | 8.8 |
| 6,000-7,000 | 11.8 | 11.0 |
| 7,000-10,000 | 26.4 | 29.8 |
| Over 10,000 | 35.0 | 31.8 |

1. Figures are also available in the Study Paper "Accessibility - 1970" prepared by the DUA Research Branch (October 1, 1970) Reference 35.
2. Based on PSSP, Ref. 36, Table 20, p. 110.
3. Source: Table 1, p.3, Table 4, p. 10, Table 5, page 12 in: Ontario Department of Social and Family Services, Brief to the Special Senate Committee on Poverty (May, 1970). The Tables were prepared by the Ontario Department of Treasury and Economics. Cited in "Accessibility - 1970", Ref. 35.

The author of the study paper concludes that "It appears from recent data that the under-representation of the lower-income groups at the post-secondary level has changed significantly over the last ten years."

The profile of accessibility depicted in the study paper has, to say the least, proved somewhat startling to those acquainted with the gloomier findings of previous examinations of equality of access to higher education.[1] Without wishing to be unduly cynical in the face of what may well be a significant (and seemingly unique) achievement by this Province, the Subcommittee is concerned that the DUA document may introduce an undue complacency into future education planning.

The study paper relies for its information about the incomes of students' parents on the DBS PSSP[2] survey, which is in turn based on student reporting through a questionnaire survey. Several things are to be noted about this study. In the first place, there is often significant non-response to questions involving parental income data.[3] Furthermore, some analysts of other studies have discovered a tendency among students to underreport high parental incomes.[4] Thus the percentage of upper-income families represented in post-secondary

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1. See, for example, the reaction of Dr. John Porter, Globe and Mail, October 15, 1970.

2. Reference 36, Table 20, p. 110.

3. Almost one-third of the Ontario graduates and one-sixth of the undergraduates did not respond to the parental income question asked in the PSSP survey. See Table 20, PSSP, op.cit. p. 110.

4. Reference 12, p. 118, note to Table VI.

institutions may well be higher than shown by data gathered in surveys such as PSSP would indicate.

Secondly, Table II of the DUA study paper distorts the picture of accessibility in Ontario to the extent that it compares the number of students actually in post-secondary programs with the number of families at a given income level. In doing so it erroneously assumes that there is the same average number of children per family in each family-income group. Since lower socio-economic groups have larger families (particularly at the level of five children[1] and more) and, therefore, account for more of the total university-age population, an identity in the two distributions means that a relatively smaller percentage of lower-income children is, in fact, achieving post-secondary education.

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1. DBS, 1961 Census of Canada, Bulletin 7.2-1 (Catalogue 99-526), Table 9 (Ottawa: Queen's Printer, 1966).

   We refer here to families whose head is aged 45-54. See percentage distribution figures below.

| INCOME RANGE | NO. OF CHILDREN 0 | 3-4 | >5 |
|---|---|---|---|
| <$2,000 | 17.8 | 21.1 | 18.2 |
| 2-2,999 | 20.0 | 21.1 | 14.4 |
| 3-3,999 | 21.3 | 21.8 | 11.8 |
| 4-4,999 | 21.2 | 21.5 | 9.8 |
| 5-5,999 | 20.7 | 21.6 | 8.3 |
| 6-6,999 | 20.1 | 21.6 | 6.9 |
| 7-9,999 | 18.6 | 22.9 | 8.5 |
| >10,000 | 15.7 | 26.7 | 4.8 |

Thirdly, the fact that the Ontario family income information is for all families in Ontario (and not, as Fisher[1] noted in his own study, the income for families whose heads are aged from 45 to 54) may give a possibly different balance to the DUA comparison since such typical "university-age" families would tend on the average to have higher incomes than the population at large.

Finally, the validity of comparing families-of-students data which are based on combined parental income with families-at-large data based on total family income[2] is also questioned by Fisher, but this would not seem to be a major source of inaccuracy.

Of major concern to the Subcommittee is the fact that the DUA study paper, in focusing as it does on the total post-secondary student population in Ontario, does not examine the constituent parts of that population.[3] An examination of the relevant distributions in university undergraduate programs reveals that the accessibility picture is not the same as for the overall post-secondary system. Table I shows, in the series of columns marked "69b", the percentage-point difference,[4] at the income levels indicated, between two percentage distributions:[5] the combined

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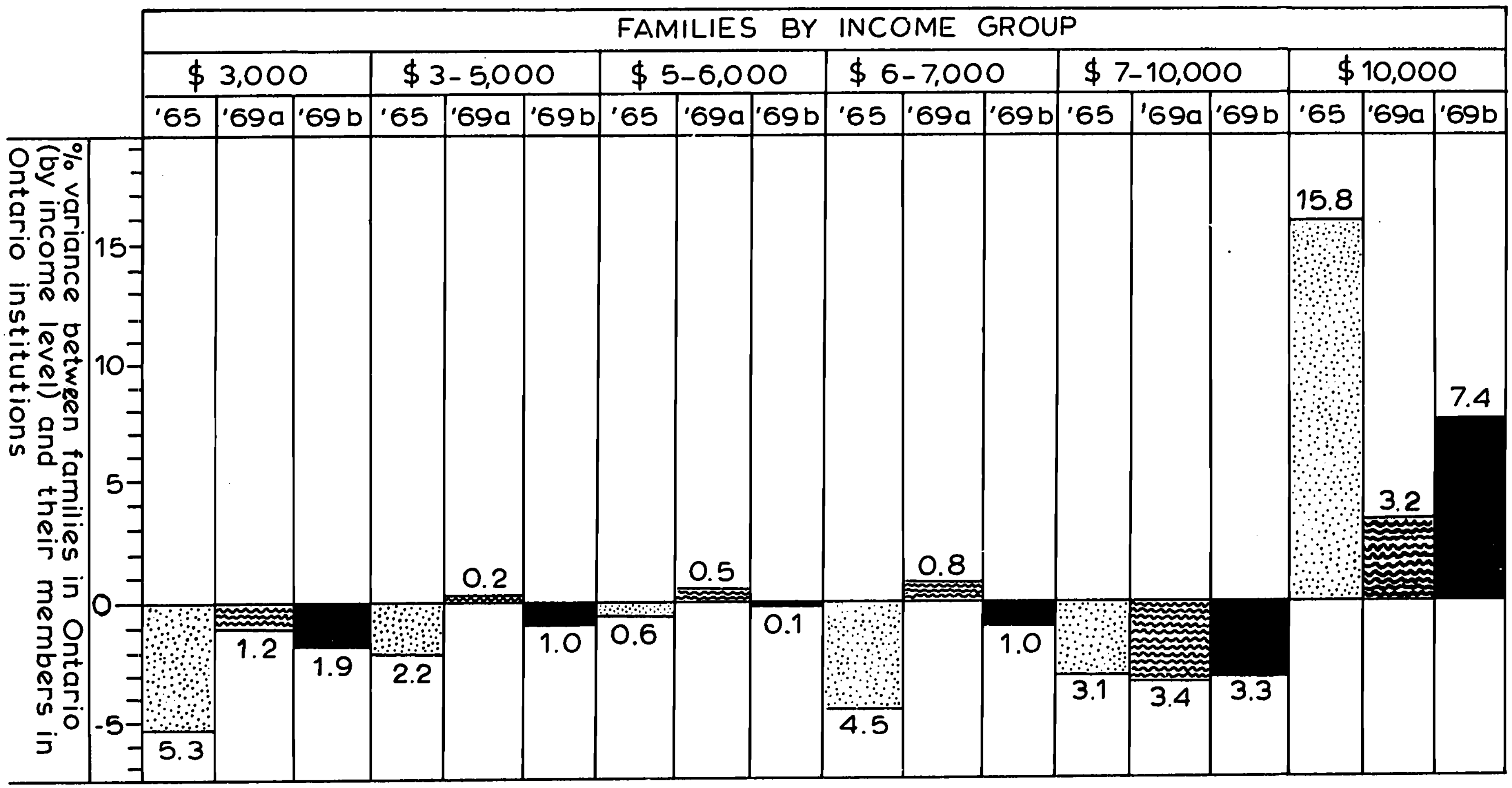
1. Reference 7, p. 16.
2. See ibid. for an explanation of the differences between these
3. Nor was such source information unavailable. See Reference 36, Table 20, p. 110.
4. Note that, on Table I itself, the description of the vertical plane should read "% point variance...".
5. The figures used in calculating these percentage-point differences may be found in Table II which itself expresses the difference between the distributions by depicting the former as a percentage of the latter at each income level.

TABLE I

TIME PROFILE OF ACCESSIBILITY IN ONTARIO: VARIANCE IN ABSOLUTE PERCENTAGE POINTS FROM EQUAL REPRESENTATION OF ONTARIO FAMILIES (CLASSIFIED BY INCOME LEVEL) IN

a) University undergraduate programs, (1965, 1969), and

b) all Ontario post-secondary programs.




1. "Families by income group" includes, for purposes of this Table, two types of data: (i) income levels of all Ontario Families ("total family income") for 1965 and 1969 (Source: Reference 35, Table I, p. 2); (ii) income levels of the parents ("combined parental income") of Ontario university undergraduates for 1964-65 (Source: Reference 20, Table 15, p. 37); income levels of the parents of Ontario post-secondary students for 1968-69 (Source: Reference 35, Table II, p. 3); income levels of the parents of Ontario University undergraduates for 1968-69 (Source: Reference 36, Table 20, p. 110). The figures given by Rabinovitch (Reference 20) for the combined income before tax of parents of Ontario university under-

# TABLE II

## TIME PROFILE OF ACCESSIBILITY IN ONTARIO (POINT INDEX: 100 = NO DIFFERENCE)

Variance from equal representation in

a) University undergraduate (1965, 1969) enrolments, and

b) Total 1969 Ontario post-secondary enrolment,

of all Ontario families classified by income group

| | | COMBINED PARENTAL or TOTAL FAMILY INCOME in THOUSANDS of DOLLARS | | | | | |
|---|---|---|---|---|---|---|---|
| | | < 3 | 3–5 | 5–6 | 6–7 | 7–10 | > 10 |
| 1965 UNIVERSITY UNDER-GRADUATES | Combined income before tax of parents of undergraduates at Ontario Universities 1964-65 (percentage)[1] | 7.2 | 14.3 | 12.3 | 9.2 | 23.4 | 33.7 |
| | Income of families in Ontario, 1965 (percentage)[2] | 12.5 | 16.5 | 12.9 | 13.7 | 26.5 | 17.9 |
| | Point index difference (100 = no difference) | 57.6 | 86.7 | 95.3 | 67.2 | 88.3 | 188.3 |
| 1969 UNIVERSITY UNDER-GRADUATES | Combined income before tax of parents of undergraduates at Ontario Universities 1968-69[3] | 6.2 | 9.4 | 8.7 | 10.0 | 26.5 | 39.6 |
| | Income of families in Ontario, 1969 (percentage)[2] | 8.1 | 10.4 | 8.8 | 11.0 | 29.8 | 31.8 |
| | Point index difference (100 = no difference) | 76.5 | 90.4 | 98.9 | 90.9 | 88.9 | 123.3 |
| 1969 TOTAL POSTSECONDARY ENROLMENT | Combined income before tax of parents of students in Ontario post-secondary institutions[4] | 6.9 | 10.6 | 9.3 | 11.8 | 26.4 | 35.0 |
| | Income of families in Ontario, 1969 (percentage)[2] | 8.1 | 10.4 | 8.8 | 11.0 | 29.8 | 31.8 |
| | Point index difference (100 = no difference) | 85.2 | 101.9 | 105.7 | 107.3 | 88.6 | 110.1 |

1. Reference 20, Table 15, p. 37.
2. Reference 35, Table 2, p. 2.
3. Reference 36, Table 10, p. 110.
4. Reference 35, Table II, p. 3.

incomes of parents of Ontario 1968-69 university undergraduates, and the total incomes of all Ontario families, 1969.[1] "Under-representation" in university undergraduate enrolments (where the percentage figure for the second distribution exceeds the corresponding percentage in the first) is shown for all socio-economic groups except the last (over-$10,000). This may be contrasted with the columns marked "69a",in which the percentage-point differences between the distributions used in the DUA study paper (incomes of parents of all Ontario post-secondary students, 1968-69, and total incomes [1969] of all Ontario families) are depicted. Here, as noted earlier, under-representation exists only for the under-$3,000 and $7-10,000 groups, by 1.2 and 3.4 percentage points respectively. Furthermore, while in the total post-secondary student population in Ontario there is over-representation at the above-$10,000 level, this is not as pronounced as in the university undergraduate student population taken alone.

Another major weakness of the "Accessibility - 1970" study is that it uses only percentage-point differences, but speaks of percentages. A first glance, for instance, at the statement "the over-representation of the over-$10,000 group is approximately 3.2%"[2] might give the impression that Ontario is doing not too badly- is perhaps 96.8% effective in ensuring that the children of wealthier families do not dominate the post-secondary student population. The terminology of the study paper, however, is not

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1. Such a comparison, of course, gives rise to the inaccuracy noted above regarding comparisons of "total family" and "combined parental" income data. See Reference 7, p. 16.

2. Reference 35, p. 3.

correct. What the author meant to say was that, in the over-$10,000 group, the percentage-point difference between the percentage of families whose combined parental income exceeded $10,000 and who had a child in a post-secondary institution, and the overall percentage of families whose total income was greater than $10,000, amounted to 3.2 percentage points, which, taken in turn as a percentage of the 31.8 percent of Ontario families with incomes in this range, amounts to an over-representation of 10.1 per cent. Table II illustrates this over-representation on a point-index basis, with 100 serving as equality: thus, in the above discussion, the "accessibility" or "representation" status of families with combined parental incomes in excess of $10,000 is 110.1. Similarly, whereas the arithmetic difference (Table I, columns 69a) between the two distributions at the under-$3,000 level is of the order of 1.2 percentage points, this income group may be seen (Table II, bottom row) to be under-represented by some 14.8 percent, for an "accessibility" or "representation index" of 85.2. This last example points up the fact that, while we may be dealing with fewer people in the lowest income group, the task of trying to achieve equality of access to post-secondary institutions at the under-$3,000 level is relatively more difficult than in the $7-10,000 range, where a much larger proportion of the provincial population has a slightly higher accessibility index of 88.6.

Table II also illustrates our earlier point regarding the contrast between the accessibility picture for post-secondary institutions generally and university undergraduate programs in particular. Like Table I (based on percentage-point differences), Table II shows under-representation at the under-$3,000, $3-5,000, $6-7,000 and $7,000-10,000 level, and over-representation at the above-$10,000 level. At the $5-6,000 level, however, Table I showed a percentage-point difference (columns 69a and 69b) indicating a slight over-representation in both the university undergraduate and total post-secondary student populations. At the same income range, Table II maintains an over-representation in the entire post-secondary enrolment, but indicates under-representation in university undergraduate programs. The point index spread between the figures in the middle and bottom rows of Table II, however, is not nearly as significant as at the other income levels. At the under-$3,000 level, accessibility to university undergraduate programs is (on this index basis) less than 90% of the index figure for the post-secondary institutions as a whole. The same trend applies for the $3-5000 group (university index 88.7% of the post-secondary index); the $5-6000 group (93.6%); and the $6-7,000 group (84.7%). Only to the $7-10,000 group do the universities appear to be more accessible than all post-secondary institutions taken together (the university index is .33% higher than that for all post-secondary enrolment). At the above-$10,000 level, where both the middle and bottom rows of Table II show over-representation, the figure for all post-secondary institutions taken together is only 89% of the index for the university undergraduate programs.

Notwithstanding our foregoing reservations as to the methodology and effect of the DUA study paper, there are indications that some progress has been made in rendering university undergraduate programs more accessible to the under-$10,000 groups and in reducing over-representation above the $10,000 level. While the family income distribution seems to have taken a significant upward swing in the province[1], the fact remains that, if Rabinovitch's data on the combined parental income of 1965 university undergraduates are accurate (see Table II), the accessibility index of the under-$3,000 group relative to university undergraduate programs has risen by almost one-third (32.8%) since 1965.[2] The $6-7,000 index has risen even more markedly (over 35%) and the 1965 index indicating over-representation at the above-$10,000 level has declined 34.5 percent. For all income groups the 1969 indices more nearly approach equal representation than in 1965, although the least progress has been made at the $7-10,000 level.

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1. The effects of inflation should be remembered here, however.

2. Note that the proportion of Ontario families at this income level has, however, declined by 35.2 percent in the same period.

All of the above must, however, be interpreted not only in perspective of our earlier qualifications (the inaccuracies and non-response element in student reporting of parental income data, the indications of income-related family-size distributions, use of income data of families with heads of all ages, as opposed to those with heads aged 45-54, etc.) but with the reservation that examinations of accessibility based on family income data, no matter how accurate those data may be, do not give a complete understanding of the phenomenon of who receives post-secondary education and why.

The results of numerous studies[1] seem to be leading to a preponderance of evidence that income, by itself, may not be a decisive or even primary barrier to accessibility; that, rather, factors such as father's occupational class and parents' education tend to shape the self-evaluation and aspirations of a child and thus to determine whether he or she will wish to continue studies beyond the secondary level, if even that level is achieved. This is not to say, of course, that financial considerations are of little consequence; after all, the economic status of a family supports (and in many cases perpetuates) its socio-economic status, its attitudes and modes of child-rearing. The presence or absence of strictly financial (perhaps the better word is "monetary") barriers, however, of itself says relatively little about the part played by other components or measures of socio-economic status.

1. Research in this area is primarily American and British. See for example, Reference 12. Note, however, the Canadian work in Ref. 4.

Even where access to post-secondary education is achieved, socio-economic status and income may, it seems, work together to sort persons and families among the several forms of post-secondary institutions. The difference between the accessibility indices (Table II) for university undergraduate programs and for all post-secondary enrolments - especially at the under-$5,000 level - would indicate that other forms of post-secondary education are more attractive to the children of lower income groups who do achieve access. The shorter programs geared more directly to employability that are offered by other post-secondary institutions (notably in this province, the CAAT's) would seem to attract lower-income students more than universities do.[1] The relatively higher dropout rate from post-secondary institutions among students with lower socio-economic backgrounds represents another area where cultural rather than purely monetary factors may be involved. Such students are more likely to drop out, even when they appear to have no greater academic or financial difficulties.[2]

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1. In our opinion, however, the universities should not take an overly-great consolation from this observation. It may well be that a significant double factor at work here is a reputation of universities for a vague abstraction and of the CAATs for immediate relevance. For an examination of the further educational aspirations of Ontario high-school students see Reference 4.

   Note also John Porter, The Vertical Mosaic: An Analysis of Social Class and Power in Canada (Toronto: University of Toronto Press, 1965) in which the author observes that legal and medical students tend to come from higher income groups than those of the average student, whereas education attracts students whose families had below median incomes.

2. Patricia K. Cross, "Beyond Ability", The Research Reporter (Center for Research and Development in Higher Education, University of California at Berkeley), 1967, ii. pp. 1-2.

No recommendation that more accessibility studies be made can avoid the fact that proper data for studies extending back in time is often simply not available. The Subcommittee would suggest, however, that attention be paid, by those drawing conclusions from statistical presentations, to the qualifications we ourselves have made earlier in this Chapter concerning the DUA study paper.

Specifically, we would recommend:

> *That the DUA Research Branch in future accessibility studies present information broken down by types of institution, so that those concerned with particular elements of post-secondary enrolment may undertake further studies based on this information.*

Appendix "D" to this report illustrates one well-known researcher's reaction to the fact that the practice suggested in the above recommendation is not at present in force.

No accurate estimation can be made of the role of student financial aid in contributing to an apparent increase in equality of access to higher education in Ontario in the past several years. The DUA study paper concludes as much.

> It appears from recent data that the under-representation of the lower income groups at the post-secondary level has changed significantly over the last ten years. This paper does not attempt to provide any reasons for this although a few observations can be made.

> The economic climate during the sixties was improving, while public acceptance of post-secondary education was growing. This, perhaps, had some effect on the cultural influences that help to determine enrolment patterns of children from lower income families. In addition, the sixties saw large amounts of public funds made available for student aid. The relative effect of any of these has yet to be determined although such an analysis would provide very useful information to guide the formation of future policies in this area.[1]

The weight given to student financial aid in ranking the factors suggested in the above citation will much influence the degree to which student aid programs will in future be required to play a role in maintaining and improving equality of access. The emphasis placed on the role of student aid as an instrument to encourage equality of access will depend on the degree to which the above-described non-monetary factors are seen as responsible for the decision to continue or to forego study beyond the high-school level, and also on the extent to which these non-monetary considerations are seen to be immune to any special features of a student aid plan designed to promote accessibility.

Those who are convinced that these questions have already been answered in such a way as to justify abandoning attempts to include "enrolment incentives" within student aid programs

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1. Reference 35, pp. 4-5.

will not hesitate to endorse some of the programs reviewed in Chapter V of this Report.

The members of the Subcommittee are, however, reluctant to recommend any sudden and total changes in educational policy which might seriously disrupt what Ontario has accomplished in promoting equality of access in the last five years. Without advocating disastrous rates of spending we would suggest careful thought regarding the amount of emphasis placed on each of the above-listed variables.

## III. OSAP - ITS SUCCESSES AND FAILURES

The present Ontario Student Awards Program has been in existence since April of 1966. How effective has it been in contributing to what appears to be some increase in accessibility to post-secondary institutions in Ontario? At the present state of research, no one can say for sure.

The Subcommittee would, however, especially express its support for the feature of the program whereby grant money is available to students regardless of academic achievement, as part of an award. Until empirical evidence can prove otherwise, it seems that grants must be seen as one of the most effective means possible in our society to encourage enrolment by those who might not otherwise take advantage of post-secondary education. Table III summarizes provincial student aid programs on a per-student basis[1] for 1967-68 (see also Appendix "E").

Cook and Stager[2] are able to argue the feasibility of an all-loan system of student financial aid on the strength of their apparent premise that the financial barrier to education is becoming a minor one in the modern high-schooler's decision to continue or discontinue his education. On this basis

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1. Reference 17, pp. 164, 166 and 168.

2. Reference 6.

Cook and Stager are able to conclude that the abolition of grants and creation of an all-loan system would not further discourage lower-group attendance at post-secondary institutions.

TABLE III

PROVINCIAL GOVERNMENT STUDENT AID PROGRAMS

1967-68

AID (LOAN AND GRANT) PER STUDENT ENROLLED.

| PROVINCE | AVERAGE LOAN (CSLP AND QUEBEC) GOVERNMENT | AVERAGE NON-REPAYABLE ASSISTANCE (PROVINCES) | TOTAL AVERAGE AWARD |
|---|---|---|---|
| Nfld. | $629 | $628 | 1,257 |
| P.E.I. | 775 | 11 | 786 |
| N.S. | 739 | 194 | 873 |
| N.B. | 764 | 94 | 858 |
| Que. | 479 | 115 | 594 |
| Ont. | 562 | 257 | 819 |
| Man. | 705 | 68 | 773 |
| Sask. | 811 | 34 | 845 |
| Alta. | 612 | 107 | 719 |
| B.C. | 703 | 77 | 780 |

Source: Reference 17, Tables 28, 29, 30; pp. 164, 166 and 168.

Strong criticism of the methodology of Cook and Stager in formulating their premise was voiced in the University of Waterloo[1] submission. The University of Waterloo Senate Committee on Scholarships and Student Aid claims that Cook and Stager lacked objectivity in evaluating available information

1. Appendix "A", pp. A-138 to A-140.

directly related to the importance of the financial barrier to accessibility. The Subcommittee feels that the premise of Cook and Stager remains at least uncertain; that endorsement of the grant feature of OSAP is not, on the basis of research conducted to the present, untenable; and that grants can be an important incentive to those whose socio-economic background does not automatically lend itself to acceptance of a relatively large long-range debt in order to achieve the more immediate goal of a university degree.[1]

Whether OSAP is effectively using its grant capabilities as an incentive to higher education is another question. In its present form the student aid program in Ontario benefits those students who have made the decision to undertake post-secondary studies. Since in many cases this decision is taken well before the student graduates from high school, the influence of OSAP in the decision-making process is questionable. It is the conviction of the Subcommittee that a society whose enunciated policy of universal accessibility to higher education is conditional upon a student's willingness to undertake at least partial personal financial responsibility must at the same time have a financial aid program <u>deliberately geared to encouraging that willingness to make the immediate financial sacrifices commensurate with such a policy</u>. The Subcommittee regards as

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1. For a further discussion of the Cook-Stager report see Section A.1 of Chapter V of the present report.

beyond question that one of the major factors encouraging the existence of a self-perpetuating, poorly-educated lower socio-economic group is the lack of conviction by students with such backgrounds that they should invest in higher education. If OSAP does not consciously provide for such encouragement, then it is not a scheme which addresses itself "universally" to all Ontarians; rather, it speaks only to those who are already convinced of the values that the higher education policy presumes.

From the briefs submitted to us by the universities the Subcommittee was able to focus on a number of specific areas of OSAP. On the basis of these submissions the Subcommittee has outlined some of the current problems with OSAP and has made recommendations to be considered for implementation by the Department of University Affairs. As a point of reference, Cook and Stager's revised summary[1] of CSLP and OSAP is reproduced in the box on page 35. Appendix "F" shows, for the past four years, the distribution of OSAP loan and grant money, by post-secondary institution type.

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1. Reference 6, pp. 74-75.

MAIN FEATURES OF CANADA STUDENT LOANS PLAN (CSLP) AND OSAP.

Source: Cook and Stager, ref. 6, pp. 74-75 (Note that item 2 has been revised to reflect recent changes in regulations)

1. Any person who is enrolled in a full-time course of study at an eligible post-secondary institution in order to qualify for a degree, certificate or diploma is eligible to apply for assistance. All Canadian universities, other Ontario public post-secondary institutions and several private institutions are recognized for this program.

2. Students who are married, or who have completed four successful academic years at a post-secondary institution, or a combination of successful academic years and periods of 12 consecutive months'employment totalling four years, or who are 25 years of age or more, are classified as "independent of parental support".

3. To arrive at the financial assistance required, the financial resources the student is assumed to have on the basis of information provided in his application are subtracted from the educational costs specific to his course and institution. The difference is the total award made. The first $150 of the award is a loan; of the next $750 or less, 60 per cent is a loan and 40 per cent is a non-repayable grant; the balance, if any, is also a grant. Thus the maximum loan in one year is $600.

4. The loans are interest free until six months after graduation or withdrawal. The loans are arranged at any Canadian bank on the basis of a certificate of eligibility issued by the educational institution. Repayment must be made within ten years after graduation.

5. Parents are expected to contribute to the students' costs in accordance with their level of income and number of dependents. Students are expected to contribute a part of their summer earnings.

The above points describe the programs in essential outline only. Reference should be made to the CSLP and OSAP brochures for a more specific statement of the regulations.

## A. The Student and "Family" Resources:Dependence and Independence

One of the major premises of OSAP is that the family of a "dependent" student[1] is presumed to have contributed a certain amount to his resources. In practice, this creates grave problems for the student whose parents will not, in fact, make the government-expected contribution. The student, often through no fault of his own, is penalized.

OSAP provides for the automatic classification of a student as "independent" (also called "Group B" status) after, among other things, he or she has completed four years work and/or (successful) study. The automaticity of this criterion for "Group B" classification, while administratively simple, seems to lead to some undesirable results. Table IV shows considerable over-representation of OSAP award recipients in medical, dental and legal study programs, which may be explained by the sudden qualification of so many of these students for awards with comparatively little evaluation of resources. It is interesting to note that Fisher's[2] comparison of the incomes of families of students in various study programs for 1961-62 undergraduates revealed under-representation at the over-$10,000 level in Education (and Pharmacy), and over-representation in Arts-Science (15%),

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1. One who does not fulfill the independence criteria - see item 2 in the box on page 35.
2. Reference 7, pp. 6-9.

Medicine (17%), Dentistry (11%), and Law (23.5%), with the greatest divergence occurring in the latter program (27.7% of families of students at less than $5,000, compared to 44.4% of all families).

Of interest as well in reading Table IV is the fact that it shows only the number of awards recipients. If OSAP dollars were considered, an index approach like that of column (4) would probably show an even greater divergence for the Medicine, Dentistry and Law programs, since awards in these programs are likely to be higher than in shorter programs composed mainly of "dependent" students.[1]

TABLE IV

DISTRIBUTION BY STUDY PROGRAM OF UNIVERSITY UNDERGRADUATES AND OSAP RECIPIENTS, 1968-69, SHOWING PERCENTAGE VARIANCE, IN ABSOLUTE AND RELATIVE TERMS.

| STUDY PROGRAM | % OF OSAP RECIPIENTS (1) | % OF FULL-TIME UNDERGRADUATES (2) | % VARIANCE BETWEEN COLUMNS (1)and(2) | GROUP AWARDS INDEX (100 = equality) based on columns (1)and(2) |
|---|---|---|---|---|
| Arts and Science | 65.3 | 63.8 | +1.5 | 102.3 |
| Engineering | 8.7 | 10.6 | -1.9 | 82.0 |
| Education | 2.5 | 2.5 | 0 | 100.0 |
| Commerce | 4.0 | 4.0 | 0 | 100.0 |
| Medicine | 3.4 | 2.4 | + 1.0 | 141.6 |
| Dentistry | 1.2 | 0.7 | + 0.5 | 171.4 |
| Law | 3.9 | 2.6 | + 1.3 | 150.0 |
| Others | 11.1 | 13.4 | -2.3 | 82.8 |

Source: Cook and Stager, ref. 6, Table II.9 p. 79.

1. Admittedly, this is an educated guess.

Regarding the assessment of the students' financial situation, the Subcommittee concurs with the following statement in the University of Toronto report:

> When the assessment procedures are tightened up, perhaps the use of a car could lose some of its current major importance. While it is true that a car, particularly a recent model, is evidently a measure of financial stability, even affluence, so are such things as a boat, a house, a stereo, a Caribbean vacation -- yet no questions are asked about these.[1]

Criticism has been voiced of the way OSAP assesses students who are married. The University of Toronto put it this way:

> The treatment of married students still leaves much to be desired, with many, it is felt, gaining awards in excess of their actual "need". And is the government's generosity in subsidizing student marriage, regardless of age and academic status (and it might be said, often regardless of real "family" situation) justifiable in social and human terms?
>
> In effect, students are being offered strong inducement to marry as early as possible in order to reap the benefits of independence under the program.[2]

The Subcommittee feels it important to emphasize that while the purpose of OSAP is to finance study, not marriage, and an "inducement" to marriage by OSAP should be avoided as far as possible, it is not the function of a student aid scheme to make

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1. Appendix "A", p. A-114
2. *Ibid.*, p. A-113.

it more difficult for those students who may wish to marry. Student aid schemes are intended, surely, to help students meet financially the dictates of social situations, and married students must be treated as married. Brock University[1] has noted one area where it feels married students with children are being adversely treated since their total summer earnings are listed as a "financial resource" and hence are not calculated using the "Summer Savings Table" provided by the Department of University Affairs. On the other hand, this cannot be considered too stringent, since few married students earn an amount in excess of the allowances made by the DUA.

With respect to the whole question of whether a student should be seen as dependent or independent of his family for purposes of OSAP, the OSAP Subcommittee of the Ontario Committee on Student Awards, in a summary of its discussions submitted to OCSA in October,1970 reported:

> There is agreement that the present number of ways in which a student may come under Group B status should be narrowed to only two: married and over 25 years of age.[2]

This Subcommittee feels that such a definition of "Group B" students is too inflexible and, therefore, that the existing policy should remain unchanged. We would recommend:

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1. Appendix "A", p. A-6.
2. Reference 44, minutes of meeting of October 8, 1970.

*That within the current OSAP definition of single Group B students there be instituted a more realistic means test than a mere statement of non-support from the parent.*

A common complaint among those persons and groups the Subcommittee consulted on OSAP was that "many" students obtained awards who did not need them, by false declarations.[1] Whether or not the accusations are true is unimportant. What matters is that many people believe them, and the interminable stories about government-financed Cadillacs and Carribean vacations must be dealt with. The Students'Federation of the University of Ottawa put the problem - and the often-proposed solutions - most succinctly:

> The province could, most probably save itself quite large sums of money were it to publicize those measures taken to verify those claims made by applicants. If the students involved complain about one element of OSAP consistently, it is that they feel those who do not need funds falsify in order to receive funds. While a certain amount of this type of complaint can be expected with or without grounds, we cannot help but wonder what several well publicized cases of a thwarted attempt at fraud might do for the plan and the provincial treasury.[2]

The Subcommittee does not suggest a complete check of all applications (as is done in Quebec). Such a step would pose obvious financial and administrative nightmares. But if justice is not only to be done, but to <u>appear</u> to be done, the above-noted suggestion must be heeded.

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1. Such complaints were in addition to criticisms of the assessment procedure where it was felt that the true financial picture of some parents could not accurately be judged under the current tables.
2. Appendix "A", pp. A-86, A-87.

We recognize that the DUA has established an auditing and verification section during the past year. In supporting this move the Subcommittee wishes to emphasize that it is in the area of "Group B" students, where a significant proportion of the funds for student aid are involved, that attempts must be made to verify that need exists.

B. Evaluating parental resources

In order to calculate the amount of aid a family is expected to give a "dependent" student, tables are distributed by the DUA to establish how much the family itself needs to live on before any "surplus" income can be given to the post-secondary student. Submissions from the universities faulted the evaluation in the following areas:[1]

a) the allowance for dependent children is too small;
b) the basic allowance ($1800) for parents themselves is too small;
c) the allowance for a working mother ($250) is too small;
d) the parental contribution table, especially for families in the $6,000-10,000 bracket is unrealistic;
e) there are no cost-of-living differentials for different areas;
f) the income assessment of self-employed parents is not realistic;

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1. Much of the following enumeration is drawn from the submission by McMaster University, Appendix "A", pp. A-53, A-54.

g) out-of-town students are in a sense penalized, because the whole parental contribution must be given in cash while a standard sum of $15 per week is allowed for room and board in the case of students who live at home. The cash contribution is therefore substantially reduced.

Of particular interest in the above series of criticisms is number (d), since Tables I and II (see pages 20 and 21) all point to under-representation of the middle income levels of society both in post-secondary programs generally and in university undergraduate studies in particular. Note however, the comment from the Awards Officer of Laurentian University:

> I believe that OSAP has been a tremendous financial aid to students who would not otherwise have been able to attend university. It is certainly reaching people in the lower socio-economic bracket at Laurentian University. The average gross income of parents of dependent students was $7,046 for 1969-70. Sixty-seven percent (67%) of our student body received awards.[1]

University of Waterloo pointed out, with respect to item (b) above, that:

> As a result of allowing so little under current regulations, parents in the $6000-$10,000 range find that they are expected to give their children dollars which they, themselves, need for their own maintenance. As a result, many students from such homes suffer nnecessary hardship merely because the rules refuse to recognize the real expenses of the parents.[2]

1. Appendix "A", p. A-46.
2. Appendix "A", p. A-130, p. 131.

With respect to item (g) above, the OCSA Subcommittee on OSAP has reported:

> The members of the Subcommittee are quite prepared to accept the fact that the questions raised as to residence costs as compared to lodging costs elsewhere may have connotations that may not be politically acceptable. The general feeling is one which asks the two questions (a) should residences, in fact, receive indirect subsidy from public funds through assistance given to students and (b) should not the student have the responsibility of absorbing his own life-style costs if he should choose to move into residence? There is also concern, on the part of some Student Award Officers that students in residences receive more assistance than those who choose to live in lodgings off-campus thus introducing greater inequity into the program.
>
> Recommendation: That the amount allowed for lodging and for residence be set at a maximum figure for both. Where the cost of a residence exceeds the maximum set, then that cost should be absorbed by the student.[1]

C. The Loan Portion of the Award.

Parents of "dependent" students are expected to borrow money - at market lending rates - if this is necessary to fulfill their assessed contribution to the student's resources; the student, however, cannot under OSAP borrow more than $600 of a potential (CSLP) $1000 each year. While such an element of the program was no doubt introduced to protect the applicant from assuming a large debt, a consideration laudable in its intent, it must be recognized that some of the injustices notable in the current workings

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1. Reference 44, minutes of meeting of October 8, 1970.

of the OSAP program (parents of a dependent student who will not contribute, students whose expenses rise beyond the scale of awards) could be resolved by making more loan money available. This, of course, is the most immediate solution but it must be emphasized that it is not our desire to see loans permanently fill a gap created by inherent weaknesses in the assessment procedures themselves.

The University of Toronto[1] has suggested than an additional supplementary, non-subsidized loan scheme with conventional repaymentterms, without means testing but with provincial guarantee, be established to supplement the necessarily stringent means-tested aid under OSAP. Such loans would, in the Toronto view, be made only on the recommendation of student aid officers in universities and would be primarily intended for students who, though qualifying for minimal or no assistance from OSAP, do in fact have considerable financial need. Toronto suggests that such loans could also be used as an interim measure for part-time students.

D. Summer Employment.

Summer employment is becoming more and more difficult to find, since the present system releases all students, including high school students (but excluding some trimester and Co-operative students) at the same time onto

1. Appendix "A", pp. A-105, A-106.

the labour market. Summer employment, however, is still considered a major source of student income.

A further example of the rigidity of the means test is that students are credited only with the "income from summer savings" which the DUA Table says they should have. Moreover, this table does not take into account the fact that some students work in their home town (thus, they have no room and board expenses) while others work away from home. For the latter the cost of living expenses will vary with the region. Thus, a student could have saved more than the required amount and the surplus would be ignored.

This is an area which brings up, as well, the situation of the trimester and Co-operative students, found in large numbers at Guelph and Waterloo respectively. The Waterloo submission indicates[1] that OSAP generally meets the needs of students in the Co-operative program. The University of Guelph, on the other hand, felt that OSAP was designed to accommodate students in a two-semester program, and emphasized the difficulties of the trimester student at that institution:

> A tri-semester student at the University of Guelph is at a disadvantage because he has no savings to augment his loan and therefore has insufficient money to cover

1. Appendix "A", pp. A-150 to A-152.

his expenses in the first semester of the academic year.[1] Cheques arrive late in the first semester, or even in the second semester after most of his expenses have been incurred. In order to alleviate this problem, we would suggest that the following steps be taken:

a) grant cheques be prepared at the DUA at the same time that the necessary documents for the loan portion are being prepared, with both sets of documents being released to the university;

b) these cheques be validated by the university upon confirmation of registration;

c) If the trimester student withdraws from the university and is receiving any grant during that semester, that the university withold any refund of tuition and/or residence fees until a satisfactory solution for the repayment of this grant can be found.[2]

Of particular interest are the possible effects on student independence and efficient use of university resources were Ontario's universities to adopt a trimester system. Some have suggested the creation of conditions which would allow students to study one year and work the next, thus cutting enrolment by fifty per cent.[3]

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1. The Guelph submission does not acknowledge that DUA will waive summer savings, if the student enters the university without having worked prior to registration.

2. Appendix "A" pp. A-26, A-27.

3. Globe and Mail editorial of October 27, 1970, "Breaking Taxpayers Backs". The suggestion is attributed to Dr. Miles Wisenthal, director of the Education Division, DBS.

E. Part-Time Students.

One segment of the enrolments of post-secondary institutions of which OSAP at present takes no account is the increasingly important phenomenon of the part-time student. The day is near when the universities will be dealing with as many part-time students as full-time students, at least in terms of people if not in terms of course hours. The part-time student is in a peculiar position as regards general attitudes toward accessibility. In theory, he is older and, presumably, somewhat more mature than his full-time counterpart, at least at the undergraduate level. He pays his own "social cost" of education from a full-time salary. He might even be imagined to have a somewhat more serious attitude toward his studies. In fact, in the face of the "bargain" analogy,[1] the part-time student might be a "better bet" for society than the full-time undergraduate. And yet, nothing is done to improve accessibility[2] to higher education for him.

The Subcommittee on Student Aid recommends therefore:[3]

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1. See Chapter V of the present Report.

2. At Trent University the Part-Time Credit Studies Policy Paper submitted to Senate in Spring, 1970 recommends that provision for bursaries for part-time students be made by the University. This is seen as an interim measure until Province of Ontario student aid can be made available for part-time students.

3. Much of the following is taken from the briefs to the Subcommittee (Appendix "A") by the University of Toronto (p. A-105) and by York University (pp. A-164, 165).

*That provision be made for part-time students proceeding to a degree, diploma or certificate to receive financial assistance on a basis comparable to full-time students, such assistance to take into account academic costs such as tuition fees and books, and possibly such incidentals as transportation, baby-sitting, etc., if applicable. While it is envisioned that in many cases, awards to part-time students would be in loan form, provision should be made for grant assistance where warranted. Because of the peculiar situation of the part-time student, consideration should be given to having him repay any advance on an ongoing basis.*

The above-recommended change in policy would require the further specific recommendation of the Subcommittee:

a) *That such amendments be made to the Canada Student Loans Act as to permit access to government financial assistance by those students who are less than full-time.*

b) *That similar necessary amendments be made to OSAP.*

c) *That, until (a) and (b) can be brought about, the Province of Ontario implement a loan program for the benefit of part-time students, and that this program contain a means test.*

F. Scholarship.

The concern of many with the low $150 limit on non-deductible scholarships in the OSAP regulations has been well-expressed in the submission to the Subcommittee from University of Waterloo:

> Another major area of concern regarding OSAP is the degree to which it discourages rewards for, or incentives to, scholarships (sic). In particular, the low $150.00 limit on the amount of "other awards" which may be exempted from deduction from OSAP grants seem (sic) to

> have discouraged those interested in promoting scholarship from establishing more scholarship funds. Moreover, since a trade-off exists among students between time spent in additional study contributing to higher standards of scholarship, the lack of financial recognition of scholarly attainment seems likely to encourage those with limited financial resources to accept part-time employment rather than attempt higher scholastic standing. This aspect, of course, bears most heavily on those students from lower economic backgrounds and/or, married students.[1]

University of Toronto, in its brief,added:

> It is no secret that donors and selection committees pay a good deal of attention to a potential winner's status under OSAP; while this might be reasonable where bursaries are concerned, it is not always the same with merit scholarships and the result is often that of having one's "awarding hands" tied.[2]

The University of Toronto submission also referred to the unfair treatment given to OSAP applicants who were recipients of fellowships and assistanships. Toronto noted that the practice of considering these (as opposed to other kinds of part-time employment) as additional sources of income discouraged many students from seeking them, to the detriment of the university and even, in terms of experience, to the student himself. The comments of the OSAP subcommittee of OCSA are noted below:

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1. Appendix "A", pp. A-133, A-134.

2. Appendix "A", page A-113.

> The whole question as to why part-time jobs were excluded arose. There are cases where students, either because of past employment experience and/or having special skills, were able to make $60.00 per week or more. This might well be a whole area to look into.[1]

The Subcommittee recommends:[2]

> *That for part-time employment, whether as teaching fellows, assistants, or demonstrators, or for any other on-campus or off-campus work, income be non-deductible from the grant portion of an OSAP award, at least until an equitable method of evaluating part-time earnings of OSAP applicants can be established.*
>
> *That the amount of $150. which a student may receive from other awards for academic achievement without the grant portion being affected under the current OSAP regulations be raised.*

A controversial issue when dealing with OSAP is whether the grant portion of awards should be contingent on a minimum scholastic achievement. Table V indicates the number of 1969-70 OSAP recipients who marked on their application forms that they were unsuccessful in their previous year of study. They received, over-all, almost one and a quarter million dollars of non-repayable assistance, close to one million dollars of this being given to those in university programs.

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1. Reference 44, minutes of meeting of June 4, 1970.
2. A similar recommendation was also made by the Bladen Commission on The Financing of Higher education in Canada, 1965, Reference 2, p. 82.

TABLE V

NUMBER OF 1969-70 OSAP RECIPIENTS WHO WERE UNSUCCESSFUL IN THEIR PREVIOUS YEAR OF STUDY[1]

| INSTITUTION | NUMBER OF RECIPIENTS | NUMBER UNSUCCESSFUL | GRANT | LOAN |
|---|---|---|---|---|
| Ontario Universities[2] | 41,839 | 1,691 | $940,263 | $874,962 |
| Teachers Colleges | 2,338 | 172 | 58,770 | 78,585 |
| CAAT's | 11,155 | 501 | 203,917 | 237,665 |
| Other Ontario Institutions[3] | | 2 | 510 | 1,050 |
| Out-of-province or -country | 4,920 | 5 | 757 | 1,615 |
| All others | | 66 | 38,455 | 34,100 |
| TOTALS: | 60,252 | 2,437 | $1,242,490 | $1,227,977 |

Sources: DUA Research Branch, 24 July, 1970. The Subcommittee is grateful to Mrs. Terri Anderson for supplying this information.

1. Note that the data includes only those students who actually marked on their applications that they were unsuccessful in the previous year. There could be many more who did not so indicate.

2. Includes Ontario College of Art, Bar Admission courses.

3. Includes Ryerson Polytechnical Institute, some eligible private institutions.

Suggestions[1] that no grant portion be provided in an award to an applicant unsuccessful in his previous year's studies are countered by the argument that the student from an upper income family will be able to repeat his year without financial hardship, while the student from a lower income family would face a large debt. Further, it is argued that OSAP should not become involved in determining the worthiness of an applicant beyond assessing financial need, that the proof of his worthiness lies in his re-admission by the post-secondary institution. Often, it is added, failure in a course of studies may be attributable to a myriad of factors other than lack of devotion or of ability.

On the other hand, it may be argued that, for reasons of pure economy, students can be given grant money only once per completed year of study, and that, since all-loan (total award) assistance in a repeated year would permit the previously unsuccessful student to continue his studies, the willingness to accept all-loan assistance would not be an unfair test of the repeater's sincerity in returning to school.

While no agreement was reached, there was a consensus among the members of the Subcommittee that the problems posed by the significant expenditures of money (in the student aid, operating and capital sectors) on students who,

1. As, for example, by Lakehead University, Appendix "A" p.A-41.

for one reason or another, are unable to complete their full-time program in the normally alloted period had first to be resolved by the universities themselves, as they are responsible for evaluating a student's capacity to continue his studies. The Subcommittee accordingly recommends:

> *That no change be made in the treatment of the grant portion of the award to a student unsuccessful in his previous year's studies, but that the universities of Ontario evaluate their attitude to maintaining the academic status of such students in order to provide a coherent rationale for the total financial expenditures involved.*

G. Foreign Students.

For purposes of this report, two categories of students are considered to come under the subject heading of "foreign students":

a) those entering Ontario on a student visa.

b) those entering the province or the country with landed immigrant status.

In order to study in Canada without landed immigrant status, one must obtain a student visa from the Federal government, with evidence of financial assistance from the sponsor in Canada or from someone in the home country. In other words, if one is studying in Canada and has obtained a student visa, then he has shown financial resources to accommodate himself during the period of study. Students with this status have never been considered for government aid and it is the feeling of the Subcommittee that no change is necessary in the treatment of such students.

The landed immigrant student has posed a difficult policy quandary for OSAP since the program's inception. Many changes in policy have been made, some increasing the benefits to these students and other changes being made to bring their eligibility for awards more in line with the availability of such funds to students who are Ontario residents. At present, there are apparent two problem situations under OSAP policy governing applications received from landed immigrants:

a) The case of landed immigrants who immigrate to this country under the sponsorship of relatives, friends, etc., who are already permanent Ontario residents.

   Under present criteria, these students (if classified as Group "A"), are requested to have the resources portion of their application completed by their <u>parents</u> rather than the sponsoring agent. The relevance of such financial information to the applicant's situation in Ontario is often questionable.

b) In contrast to the above, present OSAP policy now stipulates that "a landed immigrant in Group "B" must have been a resident in Ontario for at least twelve consecutive months immediately prior to first enrolling in the academic program for which he is requesting financial assistance. A case of inequity arises with landed immigrants who have begun an undergraduate program in their native country and who have subsequently immigrated to Ontario before completing their program, worked in Ontario for several years, and returned to a post-secondary institution to complete their degree. They are given loan only, since they have not "resided 12 months prior to beginning their academic program.

The Subcommittee has considered these matters and would recommend:

*That for landed immigrants classified as "Group A" applicants who have immigrated to Canada under the sponsorship of permanent Ontario residents (relatives or friends but not parents) the OSAP application form should contain a question relating to sponsorship and, if the student has not gained entrance to this country on his own economic merit, that the assessment procedure include the resources of the sponsor rather than the parents of the student.*

*That the policy that a "Group B" applicant must have twelve months' residence in Ontario prior to enrolling in a post-secondary program as a condition of eligibility for student aid under OSAP be modified to provide for the case of the student who may be enrolling in mid-course.*

## H. Informing the Public.

If a student aid program is to realize its full potential as a device to attract able citizens to post-secondary education, then obviously those to whom it is directed must be well acquainted with its benefits.

Many universities, however, commented on what they felt was a deplorable lack of information among high-school students, their teachers and their parents.[1] These remarks were accompanied by recommendations that OSAP greatly strengthen its publicity campaign in the schools, particularly in the lower grades. The Students'Federation of the University of Ottawa suggested:

> That parents or guardians of all Ontario residents registered in recognized secondary schools of the province be required to complete a government questionnaire stating whether or not they intend to encourage their child to attend a post-secondary educational institution. The questionnaire should be filled in before the child enters level ten (sic). Those who indicate no intention to encourage their child should be encouraged to state exactly why. Guidance officers should then, with the assistance of the province, insure that those who are motivated by financial considerations are made quite aware of the financial assistance available.[2]

The University of Waterloo recommended in its submission:

> Speed up the processing of awards by having students complete OSAP applications under the supervision of high school guidance officers.[3]

The Waterloo recommendation could have beneficial results were this "pre-application" to be done in the years <u>before</u> high school graduation, giving the student thinking about university some indication of the assistance he might expect were his circumstances and OSAP criteria to go unchanged.

The Subcommittee recognizes that it is important for students at the elementary and high school levels as well as parents to be fully aware of all details of existing

1. See for example, the submission of the University of Western Ontario, Appendix "A", p. A-156.
2. Appendix "A", p. A-88.
3. Appendix "A", p. A-136.

student financial aid programs at the post-secondary level. What is even more important but no doubt far more difficult to accomplish is to provide the necessary incentives and encouragement to students with low socio-economic backgrounds at the elementary and secondary levels to continue their education at the tertiary level. The Subcommittee recommends:

> *That the Department of University Affairs reassess its programs of information, evaluating their effectiveness in encouraging post-secondary education and emphasizing the financial assistance that is available. Such information programs should be directed not only to students in primary and secondary schools, but to parents and the public at large.*

In the implementation of the above steps the Subcommittee would make the following suggestions:

> a) *Ensure that at least one person in each school in Ontario is briefed regularly by a person from the DUA regarding the dissemination of information to* ***both*** *students and parents;*
>
> b) *Make use of popular media such as television and ensure that literature is available in the languages of minority groups;*
>
> c) *Students in Ontario's Colleges of Education, as part of their curriculum, should be made aware of the psychological and economic barriers to post-secondary education in order that they may be able to offer advice to those in the elementary and secondary schools who face such barriers.*

In making this recommendation, the Subcommittee is aware of the considerable efforts that are currently being made in this area by the Information Branch of the DUA. The Subcommittee, however, was most anxious to express its views regarding the evaluation of information programs already underway and to suggest areas of emphasis for such programs.

I. The Machinery of OSAP.

Among the more general criticisms of the program were complaints that it was too often slow to respond to the needs of students. Notice has already been taken of the University of Guelph's problem with trimester students[1]. In its submission the University of Waterloo suggested:

> Moreover the present OSAP application is complicated enough at present to necessitate the return of approximately 60% of the original forms received from applicants. This, of course, causes much unnecessary delay and inconvenience. If possible, the amount of the award should be reported to the student at the same time as he is informed of his acceptance to the institution.[2]

Of particular concern to the study groups was the case of a student who appeals his award. The University of Guelph noted:

> The processing of appeals is very slow by DUA. They take four to six weeks minimum, in many cases much longer. This, of course, creates a period of hardship for the student as he does not know if his appeal will be granted and, therefore, this often leaves him, late in the semester, seeking other means of assistance.[3]

Regarding method of payment of the award money, the University of Toronto noted:

> OSAP's method of payment, where large awards are concerned is unrealistic. For example, a student with an assessed need of, say $1,600 a $600 loan after he has registered, and a

1. See Section D of the present Chapter.
2. Appendix "A", pp. A-136, A-137.
3. Appendix "A", p. A-27.

> grant of $1,000 _theoretically_ in two installments: $200 in December and $800 in January (thus assuring that half the total award - $800 in this case - is disbursed in each term). While even the basic theory is open to question - _in practice_ a very high proportion of the intended "first-term" grants do not become available until the second term anyway (due to administrative complexities), and the result is that many students are forced to negotiate short-term loans to alleviate this imbalance and tide them over. In addition, the division of awards made in January for the second half of the academic year is unfair: the need is first assessed as if for the whole year (say $1,400), then divided between loan and grant ($600/$800), and then each portion is cut in half ($300/$400). The grant is thus artificially inflated and loan reduced.[1]

At the beginning of the present Chapter, the Subcommittee underlined the difficulties of determining the effect that OSAP has actually had on the growth of post-secondary enrolment in the province since its implementation, but expressed its belief nonetheless that the grant feature of the program was a useful tool in fostering accessibility. The recommendations which we have made throughout this Chapter have dealt mainly with the program from the standpoint of its viability, and are aimed at making improvements in the workings of OSAP, which the Subcommittee feels to be as sound a scheme as any in existence in Canada at the present time.

In preparing this paper the Subcommittee has been aware of the concern that the present system of financing of higher education in the province (including the expenditures on student aid) had led to too much cost for not enough benefit on the part

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1. Appendix "A", p. A-114.

of the taxpayer. It has also been aware that alternative schemes of student aid have been suggested to replace OSAP. The next Chapter examines the question of costs and benefits with the purpose of then proceeding in Chapter V to an evaluation of alternative proposals. It is the belief of the Subcommittee, however, that the existence of alternative proposals for student aid should not postpone the implementation of our recommendations for changes in OSAP where it is agreed that such changes are warranted and feasible.

## IV. COSTS AND BENEFITS: THE QUESTION OF EQUITY

The amount of Provincial revenue to be allocated to education in general and higher education in particular will depend largely on two factors:

a) Academic considerations: How many students are judged capable of post-secondary study?

b) Financial and social considerations: What resources is society prepared to devote to higher education in comparison to other calls upon the public purse and in relation to private consumption and investment?

In recent years the people of Ontario have given a very high priority to the expenditure of public monies on higher education. This has been reflected in the increasing percentage of students enrolling in post-secondary programs. At the primary and secondary levels, a strong social commitment to education is reflected in two ways: financially, in the absorption of all direct academic costs by the public purse; and legally, in the sense that the policy commitment that all citizens be educated until they have reached age sixteen is so strong as to have prompted compulsory school attendance laws. The education of this portion of the population is seen not as an individual-social "bargain" nor even as an individual right, but as a social and individual necessity. At the same time, public funding at these levels is limited to meeting direct academic costs; the family is expected to provide for the student's social needs and living costs. Foregone earnings are not at this level considered a cost to the student, since because of his age he is not generally considered as a potential participant in the labour force.

We believe that while prevailing social attitudes would perhaps now be prepared to accept the suggestion that post-secondary education is the right of all qualified citizens, it is doubtful that many would consider abolishing all fees to the student.

Accordingly, the "bargain" analogy would not be an inapplicable description of relative financial responsibility of the student and of society for the costs of education: i.e., society expects some contributions from the individual to the academic (and social) costs of his education in return for the absorption by the public purse of the other expenses necessary to furnish educational opportunities.

The current debate as to the proportion of costs that should be assumed by the student and those that ought to be borne by society points to the need for agreement as to the contributions now being made by each party to the "bargain" as well as to the benefits accruing to both.

Several widely-divergent schools of thought advocate types of costs that can legitimately be claimed by the student in totalling his contribution. One source[1] breaks the "expenditure distribution of (Canadian) post-secondary students in 1968-69" into the following areas:

1. tuition fees and other academic expenses;
2. housing, food and beverages;
3. residual personal expenses (transportation, laundry, health and medical care, recreation, etc.);
4. additions to assets and reductions in liabilities.

That all of the above costs can be legitimately claimed by the student, we regard as indisputable. That he would have expenses under items 2, 3, and 4 even were he not a student is irrelevant to the issue [2], since he could not be a student (or anything else) without them, and, though he may be aided to defray these costs by a student award, they are seen as <u>his</u> to defray, as his part of the "bargain".

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1. Reference 38, Table 2, p. 17.
2. Unless foregone earnings are considered as a student contribution, in which case he could be assessed only the "extra" cost of being a student.

The post-secondary student's entitlement to claim foregone earnings as a cost to himself of his education is still, however, a contentious issue. Some economists have claimed that the imputed costs arising from foregone earnings must be included in the student's contribution. Others have argued that to do so is unfairly to assume that all students, if not involved in post-secondary study, would be participants in the labour force. [1] The Commission on Post-Secondary Education in Ontario has yet to take a position, stating

> The consideration of students' foregone earnings ... is an important element in the appreciation of the cost of education. And yet it seems slightly artificial. There is a suspicion that to speak of foregone earnings as costs is to imply some deprivation on the part of the students. This is hardly the case. Neither in their style of living, nor in the immediate benefits received, do students appear to suffer. While on strictly technical grounds this consideration does not alter the case, it does baffle common sense. 2

On the "public"side of the post-secondary bargain, support for tertiary education in Ontario universities can be categorized as follows:

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1. For further discussion on this topic see Part A, Section 1, of Chapter V.

2. Reference 26, p. 12.

1. Operating Grants - these are based on student enrolment within a system of weights according to discipline and level of study.

2. Capital Grants - interim capital formula based on student enrolment within a system of weights according to discipline and level of study.

3. Special Grants - these are usually given for emerging programs and have decreased in number with the introduction of the formula system of allocating funds.

4. Province of Ontario Student Awards Program[1] - grant/loan program integrated with Canada Student Loan Plan available to all students in post-secondary institutions.

5. Province of Ontario Graduate Fellowships[1] - available to a relatively large number of graduate students in specific disciplines.

6. Research Grants.

7. Foregone Taxes.

As noted above, the public contributions to the costs of post-secondary education in items 4 and 5 above will reduce the individual student's actual contribution to his or her education. Item 2, capital costs, cannot be as easily attributable to the "individual" student as are operating grants (item 1), in view of the problems of deciding how much capital allotment is attributable to one student in one academic year.

If equity is to be respected in the financing of higher education, then, in theory, the proportion of the total costs of post-secondary education contributed by the

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1. To the extent that the student uses his award to pay his tuition fees, these programs provide direct assistance to the universities.

individual student and that contributed by society should be in the same ratio as the benefits accruing to each from post-secondary education. Unfortunately, agreement is yet to be reached on just what this ratio is.[1] As pointed out earlier in this Chapter, the issues of foregone earnings, the meaningful amortization of capital costs and the extent to which student costs are reduced by student aid have yet to be resolved.

The extent of the disagreement as to the level of current contribution by the student is reflected in a comparison of evaluations of the current ratio by various authors. Cook and Stager state:

> Under the present institutional structure in Ontario, students pay 27 percent of direct institutional costs in fees while the major portion (73 percent) of the costs are financed from tax revenue ...
>
> Does this percentage of public support represent society's view of the size of the external benefits of post-secondary education relative to other programs with external benefits? 2

Had Cook and Stager been able to input full capital costs and deduct the portion of student fees paid for by student

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1. Although research is being done (e.g. see Reference 13) there is no reason to believe that private and social benefits will ever be determined in absolute terms.

2. Reference 6, p. 191.

aid money (items for which, it would appear, information is not yet readily available), the figure of 27 percent would, of course, have been somewhat lower. In fact, these authors do note that when tuition fee revenue is compared with total institutional costs (including "indirect" costs) the student contribution drops to about twenty percent.[1]

Howard R. Bowen puts the emphasis on the total "economic cost" of higher education, concluding that this concept

> points up the fact, often ignored or misunderstood, that students <u>bear the bulk of the costs of higher education</u>. The student's share at present is of the order of three-fourths to seven-eights of the total cost of education, including the educational expense of institutions. 2

Bowen bases his conclusion on a hypothetical series of cash outlays and economic costs to the student, including in the latter an amount for foregone income. Although some of his figures may be unrealistic (especially the total of $1200 economic cost assignable to the institution) such an analysis does show the approach involving total economic cost. Bowen's table is reproduced in Table VI on the following page.

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1. Reference 6, pp. 16, 17.

2. Reference 3, p. 7.

TABLE VI

BOWEN'S HYPOTHETICAL ANNUAL CASH OUTLAYS AND ECONOMIC COST FOR AN UNDERGRADUATE STUDENT

| | | | |
|---|---|---|---|
| **Annual Cash Outlays** | | | |
| Tuition and fees | | | $ 400 |
| Board and room (academic year) | | | 1,000 |
| Expenses incident to education (books, supplies, transportation, club memberships, etc.) | | | 400 |
| Other expenses (clothing, health care, recreation, etc.) | | | 300 |
| Total | | | $2,100 |
| **Annual Economic Cost** | | | |
| (a) Assignable to the student: | | | |
| Expenses incident to education (books, supplies, transportation, club memberships, etc.) | | $ 400 | |
| Board and room (including summer) | $1,200 | | |
| Minus cost of board and room if he were employed and not in college | 1,000 | 200 | |
| Estimated earnings if not in college | $4,500 | | |
| Minus summer and part-time earnings while in college | 1,000 | 3,500 | $4,100 |
| (b) Assignable to the institution: | | | |
| Costs covered by tuition and fees (paid by student) | | $ 400 | |
| Costs covered by appropriation, gifts, etc. | | 800 | 1,200 |
| | | | $5,300 |

Until such time as some agreement can be reached as to the relative share of post-secondary educational costs being borne by the student and by society, it seems obvious to the Subcommittee that no meaningful evaluation - or re-evaluation - of the present arrangement can take place. It would seem to us extremely dangerous and premature to suggest that the student should pay for an increased proportion of the total costs of his post-secondary studies when there is still such obvious disagreement as to what share of the cost he is already bearing.

The heated debate surrounding the issue of costs is probably most directly inspired by a background discussion of the "educational opportunity bank" philosophy of student aid, described in the next Chapter of our Report. It would seem to be the philosophy of those who endorse such schemes that the best solution to increased spending of public funds by the post-secondary education sector is to shift the source of those funds out of the public sector and into the pocket of the student.[1] We are greatly concerned that comparatively little discussion seems to be focused on what would appear to be the more immediately obvious (and somewhat less contentious) solution - an attempt to control those spiralling costs. As noted earlier in this Chapter, not even "the experts" seem able to agree on whether or not the student is getting a "free ride" where his contribution to rising educational costs is concerned. Everyone seems to feel, however, that the elimination of duplications in operating methods, curtailment of unnecessarily elaborate and disfunctional physical plant, better use of communications technology, and of the student's own time could save many tax dollars (or at least show greater

1. See I. Drummond.

returns for those dollars) with no adverse effects on academic priorities. Bowen notes:

> (T)he fact that the chief cost of higher education consists of the time of students suggests that in the conduct of colleges and universities, the important place to economize is on the time of students rather than on the outlays of institutions. Yet higher education is sometimes conducted as though the years spent by students were a free good. I do not necessarily imply that efficiency in the use of student time requires that education be speeded up, though that is one possible route to greater efficiency. I do suggest that institutional efforts should be adequate in quality and effectiveness to justify the student time involved. 1

The Commission on Post-Secondary Education in Ontario has seen fit to devote one of six major discussion questions in its interim Report to the same problem.

> Is there any justification for the "academic year"? Do we still believe that students must go back to the farms to help with the harvest - hence the need for free summers? Why is the trimester the only alternative? Why not two six-month periods of schooling? 2

In conclusion, it is the Subcommittee's feeling that while there is needed as clear as possible an evaluation of the respective contributions of student and society to the

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1. Reference 3, p. 7.

2. Reference 26, p. 20.

costs of post-secondary education, and that some adjustment should be made to these contributions if they are shown to be inequitable, the student should not be unduly burdened by unnecessary costs for which he is not to blame and from which he derives little benefit. The Subcommittee accordingly recommends:

*That post-secondary institutions and provincial officials undertake to compute the annual per capita cost of educating a student at the post-secondary level;*
*a) that in doing so they commit themselves to reaching agreement on:*
*i) the issue of foregone earnings*
*ii) the amortization of capital costs*

*That this per capita cost be made explicit and debate be invited from all those affected to consider the most desirable allocation of this cost between the public and private sectors*

*That alternative student aid schemes be evaluated in their total context with central reference to the distribution of costs and the promotion of accessibility.*

## V. ALTERNATIVE STUDENT FINANCIAL AID SCHEMES

Recent interest in the financing of higher education in general and student aid schemes in particular, both in Ontario and elsewhere has produced a number of research reports delineating possible student aid models. The Subcommittee has concerned itself with three of these proposals:

a) Contingent Repayment Student Assistance Program (CORSAP), proposed by Cook and Stager.[1]

b) The Council of Ministers Proposal (Ministerial Memorandum).[2]

c) The Cook, Clark, Fallis and Kent[3] (CCFK) proposal for an all-grant assistance program.

The Subcommittee sees the first two proposals to be essentially variations of the Educational Opportunity Bank (EOB) scheme, and as such primarily, if not exclusively, loan-oriented. While they do not necessarily rest on the assumption that a greater percentage of the funding of higher education should be obtained from the private (student) sector than is at present the case, they would certainly facilitate such a change and are usually associated with such a philosophy.[4] It is theoretically possible to discuss the principles of EOB schemes in general and CORSAP

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1. Reference 6; see Appendix "G" for a summarized description of CORSAP
2. Appendix "H".
3. Reference 4.
4. For an emphasis on the advantages of such variants of EOB schemes, see the interim report of the Commission on Post-Secondary Education in Ontario, Ref. 26, p. 15.

and the Council of Ministers Proposal in particular on the assumption that the private contribution of the student to the costs of his post-secondary education will remain at least proportionately unchanged. The Subcommittee has assumed, however, that increased costs to the student in the form of higher fees would be a distinct possibility under such proposals. We believe that most of the criticisms of the EOB idea which are made in this Chapter are valid whether an EOB-type student loan plan were accompanied by a raise in fees or whether fees remained at their present level; we do feel, however, that the psychological barriers associated with the all-loan idea would be greatly magnified if the introduction of such a plan coincided with a marked increase in fees.

The third alternative form of student aid considered in this Chapter is the CCFK proposal. Focusing primarily on the financial barriers to accessibility, this is a proposal for an all-grant form of assistance.

A. <u>Educational Opportunity Bank Schemes.</u>

Both the CORSAP and the Council of Ministers proposals for a new student aid scheme in Canada are based on what is known as the Educational Opportunity Bank (EOB) idea.

As governments find themselves faced in the educational sector with the dilemma of spiralling costs and a commitment to equalize educational opportunity, it has been suggested that under an EOB plan, they could respond by raising the contribution (tuition) expected from students, while at the same time ensuring that anyone who cannot afford this contribution will receive sufficient funds to cover his needs, with the stipulation that some form of repayment is expected at a later time. The amount of repayment would be based on an assessment of benefits the student has received as a result of his post-secondary educational experience, and on his ability to pay. One measure of both criteria could be the graduate's income, although this would not cover such non-monetary benefits of education as greater cultural awareness and more varied employment opportunities.[1]

The EOB was first formally proposed in August 1967 by the Panel on Educational Innovation, an Advisory Committee to the United States government. The panel recommended establishment of an "Educational Opportunity Bank" as an agency of the federal government authorized to borrow money at current government rates, and to lend it to post-secondary students regardless of their resources.

> A student should be able to borrow enough money to cover his tuition, costs, and subsistence at whatever college, university, or other post-secondary institution he is admitted to. The Bank would recoup these loans through annual payments collected in conjunction with the borrower's future income tax. At the time a loan was granted, the borrower would pledge a percentage of his future income for a fixed number of years after graduation. The Panel

1. Reference 22, especially pp. 3 to 6.

> recommends that the number of years for repayment be 30, or perhaps 40 years. This period would be a fixed term for all borrowers. The percentage of income pledged would be proportional to the amount borrowed. Preliminary estimates are that the Bank could be self-sustaining if it charged borrowers 1% of gross income over 30 years for each $3,000. borrowed.[1]

Armstrong[2] notes that eight objectives were cited for the EOB. Several pertinent to the Canadian scene are reproduced here:

a) Increasing total resources for higher education, by having students pay more of the costs, reducing some of the present drain on government funds.

b) Freeing institutions to set their own priorities, including more student influence on decision-making since the prime source of funds would be the students who attend the institution.

c) Increasing the viability of private institutions of higher learning. Removal of much public support for "public" institutions would put them on the same level as private universities and colleges. (This feature is not as applicable to the Ontario scene as to the United States.)

d) Increasing the number of low-income students attending college. The emphasis here, of course, is on the contingent repayment feature of EOB loans as opposed to fixed-repayment schemes.

e) Increased mobility of students. Were costs roughly the same at all institutions, there would be less pressure to study at the "home town" university than is presently the case. Again, this benefit is based mainly on the American experience.

1. Reference 46, p. 1.
2. Reference 1.

f) Greater student responsibility and independence where education is concerned.

It is in item (a) above that the main rationale of EOB schemes lies.[1] It should be made clear however, that the EOB may not have the effect of raising more money for higher education but only of reapportioning financial responsibility, substituting private funds for public by facilitating a raise in the student's contribution to higher education generally.

Items (b) through (f) are really related benefits of an EOB scheme. The Subcommittee would be concerned that items (b) and (c) might well tend to dilute an effective university system which has been established to the present time in Ontario, and encourage wasteful duplication which is anathema to the principle of collective autonomy.[1] Furthermore, the desirability of turning the sector of post-secondary education into an "academic market place" might well wane in the eyes of some when it is realized that, if the student is a consumer, he is supreme in the market, and considerations such as academic freedom must take second place to "value" - as judged by him who pays the piper.

We would not feel, in examining an EOB scheme as an alternative to the existing student aid program, that the argument in item (e) for increased mobility is valid. Studying away from home will always bring higher costs to the student who chooses to do so. Were no student aid currently available,

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1. It is also clear that the "correct" forcing of university education to the private "buyer" of it should be an important consideration.

2. Reference 27.

an EOB plan might have the benefit cited in item (e), but this benefit is not likely to be as attractive when compared with existing OSAP arrangements. Further, the Subcommittee is of the opinion that an all-loan, increased cost scheme might have the effect of keeping students at "home town" institutions since many more students than is at present the case might become extremely cost-conscious. Again we would be concerned that the "universities of Ontario" concept might disappear under an EOB scheme, and that each university would be left to reflect far more of the disparities of its particular region than is at present the case, both provincially and nationally.

As to the benefit cited in item (f) the Subcommittee is concerned by the abandon with which proponents of an EOB scheme are prepared to let eighteen- and nineteen-year olds assume thousands of dollars of debt, when current OSAP philosophy seems to want to protect these same recipients of student aid from the psychological pressures of debt.[1] This is particularly true when one considers the contrast between two successive years of the post-secondary student's life - the first in a high school where all educational costs are paid for by public funds, the second as a veritable corporate entity.[2]

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1. The maximum loan under OSAP is $600., although the CSLP would allow up to $1,000.

2. In his paper Armstrong (Reference 1, p. 2) notes cynically: "The (EOB) scheme is even termed "a devise (sic) for enabling students to sell participation shares in their future incomes. Imagine, every student a share corporation!"

It is with the EOB benefit described under item (d) that the Subcommittee is most concerned. The findings of Clark, Cook, Fallis and Kent,[1]

a) that much of the decision-making on whether to pursue post-secondary education is made at or by the early high-school level;

b) that students at this level would be very reluctant to assume any debt to finance post-secondary education;

c) that students from lower socio-economic classes are less inclined to continue in school and obtain less well-paying jobs;

d) that this lesser desire for higher education among those from lower socio-economic groups stems more from cultural disadvantage, which could only be alleviated by a salary scheme, than from direct economic disadvantage, which the provision of money in any form, including loans, would cure;

indicate to the Subcommittee quite clearly that an all-loan/ higher cost EOB scheme would very likely do little to encourage attendance at post-secondary institutions, and that the prospects of the universities attracting the children of the lower socio-economic groups would almost certainly be even bleaker.

The fact that the proponents of EOB schemes also emphasize that implementation of any such plan would be accompanied by a

1. As summarized by Paul Hilton, member of OCSA, See Reference 44, Subcommittee on Long-Range Planning, October 24, 1970.

great deal of publicity both to convince prospective post-secondary students of the worth of investing heavily in their future and to emphasize to them the contingent repayment aspect of such loans, has also been considered by the Sub-committee. We note Michael Wolfson's statement of the psychological difficulty of selling EOB plans to students:

> However, difficulty in understanding this notion of contingent debt could completely defeat the purpose of making a dramatic commitment to the idea of equal accessibility to post-secondary education. The prospective student from a lower income, or middle income background, for that matter, might be scared of acquiring such a large "debt". An important consideration for the political feasibility of this proposal is some indication of attitudes toward going into debt among different income classes.[1]

Within the context of a family-oriented society we very much doubt if a government publicity campaign in favour of an all-loan/increased-cost arrangement could undo the attitudes toward debt that acculturation has brought about.

Another problem posed by EOB schemes would be that of the "negative dowry". Where a female graduate marries and does not work, will she make no payments to the fund for the money she has borrowed? Equity demands that she make some payments if marriage is not to be a "way out" for a significant portion of borrowers.

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1. Reference 23, p. 12.

Wolfson notes some alternatives:

> Since the institution of marriage seems to involve the joint use or sharing of resources, like the husband's income, the fund might want to consider the husband and wife as each effectively earning one half of the total family income for the basis of repayments. Or one might treat the husband's income as his own and set some minimum level of assumed income as the minimum basis of repayments for the wife. If there is no minimum repayment level for married women, the fund would then implicitly offer an incentive for women to become married, while if the minimum repayment basis for married women were too high, there might be a disincentive for marriage.[1]

A further consideration for an EOB scheme would be to determine what form of income would be used as the basis of repayments for the graduate.

> *Gross income* might be a better measure of the results of having had the additional education, but then families with many children would find the tax surcharge a greater burden than a married couple with no children. Income could be defined as *taxable income*, which does give allowances for dependents, but then the fund is biased the same way as the current income tax system and offers greater benefits to those families having more children.[2]

The Subcommittee has already expressed its fear that a disproportionate number of young people from families in the lower socio-economic groups might be discouraged from undertaking post-secondary education under an all-loan/increased cost scheme. Certainly, however, some students could be recruited from this group, but might they not become an

1. Reference 23, p. 13.
2. *Ibid.*, p. 14 (italics added).

overly-significant portion of the total number of students relying on the fund for assistance? Were this so, the desire not to go too deeply into debt on the part of lower-group students might direct them to courses which would lead to lower-than-average graduate incomes. Certainly students from families with more ample funds would be better able to avoid relying on the fund to cover their costs. A fund overly-dependent for repayment on persons with such low graduate incomes would be in a precarious position, at least from the point of view that, in theory, the EOB is to be self-sustaining.[1]

One problem not as yet solved in any of the EOB proposals might be termed the "generation-gap effect" that implementation of an all-loan/increased cost program would have. A marked shift in responsibility for the costs of higher education from the public to the private domain would mean that one generation would pay relatively little of the costs of higher education. Two American commentators have put it thus:

> But what about the students, tomorrow's taxpayers? What will they think about their parents'generation when they realize what is being proposed, and come to realize that (in one sense) a whole generation is getting out of paying anybody's college education - its own and its children's. Exaggeration for effect? Of course, but the seeds of truth therein could produce some new grapes of wrath. If we've got a generation gap now, think how wide it will become when the students catch on to what is up![2]

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1. The question might be posed as to the effects of an all-loan/increased-cost scheme on enrolment in programs at the graduate level.

2. Reference 9.

Indeed, some of the student bitterness predicted by Hanford and Nelson revealed itself in submissions made to the Subcommittee.[1]

Hanford and Nelson pose as well a very basic question as to the applicability of the EOB philosophy in the 1970's. The EOB plan presumes that those who benefit from higher education benefit in a way that non post-secondary participants do not.

> But as more and more students benefit from higher education and as more of the labour force becomes college-educated, will not the opportunities for differential financial "payoff" tend to diminish proportionately? Will it make any real difference that a college graduate earns more than a non-college-educated worker when there aren't very many of the latter? Our answers are implicit in the way we have worded the questions. We think that times may have changed sufficiently in the last 15 years to invalidate one of the basic theories on which the loan movement was founded.[2]

On the basis of the foregoing discussion of the EOB philosophy, the Subcommittee would recommend:

> *That no student financial aid program based on an EOB-type concept should be introduced in Ontario until:*
>
> a) *satisfactory evidence is available on the factors influencing accessibility;*
>
> b) *the amount of the student's expected contribution to the costs of his education is clearly made known.*
>
> c) *some of the internal technicalities of EOB-type schemes have been more thoroughly resolved.*

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1. Appendix "A", pp. A-19 to A-22 and A-47 to A-49.
2. Reference 9.

1. Contingent Repayment Student Assistance Program (CORSAP).

In a study which was jointly sponsored by the Department of University Affairs and the Institute for the Quantitative Analysis of Social and Economic Policy (Ford Foundation Research Program on Efficient Resource Allocation in Higher Education), Cook and Stager[1] have suggested proposals for a student aid program (CORSAP) based entirely on loans. A brief summary of these proposals can be found in Appendix "G".

Although the university study groups who presented reports to the Subcommittee recognized the immediacy of the problem of escalating costs of higher education, there was a general consensus that student aid programs such as CORSAP might raise more problems than they would solve, and that much more research was needed before any such scheme could be considered for adoption.[2]

In the preface to their report, Cook and Stager[3] point out in many instances their work was hampered by the fact that "basic questions required a reconciliation of the appropriate theoretical procedures with the crude assumptions forced on us by data deficiencies." An important contribution of the Cook-Stager document is that it poses relevant questions and indicates areas[4] for further study.

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1. Reference 6.
2. See Recommendation on previous page.
3. Reference 6, p. ii.
4. Ibid., pp. 97-109.

A basic assumption made by Cook and Stager is that the costs of higher education are growing at such a rate that unless some way is found to raise additional capital, the province will not be able to meet its commitments in this area. The projected expenditures for the operation and development of universities in Ontario cited in Cook-Stager are based on current projected university student enrolments by Watson and Quazi.[1] These projections were made during a period of unprecedented growth without much consideration for some adjustment.

As concerns post-secondary enrolment generally, there are indications that the current rate of growth may not be sustained. It can be seen from Appendix "I" that the number of live births in Canada has been declining steadily for the last eleven years; Ontario has reflected this pattern, with the peak year for live births in the province occurring in 1960. Such a trend may offset increasing participation rates.

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1. Reference 22; shown below are the projected and actual enrolments for the period 1968-71.

| University Student Enrolment | 1968-69 | 1969-70 | 1970-71 |
|---|---|---|---|
| Watson and Quazi | 91,000* | 104,200* | 117,200* |
| Actual | 92,070 | 103,206 | 115,672** |

* Highest of four projections calculated on different bases

** Department of University Affairs, press release, November 30, 1970.

With regard to university enrolments in Ontario the Subcommittee notes that

> while actual enrolment totals continue to grow as the college age group increases in numbers, the percentage rate of increase in full-time university enrolment has in fact been declining over the past three years.[1]

Furthe ɔre, as indicated in Table VII, university enrolment as a percentage of the total post-secondary enrolment has been declining since 1965. Other factors such as the employment situation for university graduates may also have significant effects on the actual numbers of students who enroll in universities compared to the projected figures.

The Subcommittee feels that it would be a great pity if the province were to adopt any new and very different scheme for student aid merely because of financial difficulties in the next few years. It may be that after the end of the seventies, the pressure of numbers will slacken. The case for such a drastic change must be made on other grounds as well.

The orientation of the Cook-Stager report is toward coping with the rising costs of post-secondary education by considering new approaches to student financial aid programs. However, under the current system of government support for the operation and development of universities, student aid programs constitute a relatively small proportion[2] of the costs involved.

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1. Department of University Affairs, press release, November 30, 1970.

2. See for example Reference 15.

TABLE VII

FULL-TIME ENROLMENT IN
POST-SECONDARY INSTITUTIONS IN
ONTARIO 1951-52 to 1968-69

| YEAR | TOTAL FULL-TIME POST-SECONDARY ENROLMENT | UNIVERSITY FULL-TIME ENROLMENT | PERCENTAGE OF TOTAL |
|---|---|---|---|
| 1951 | 21,263 | 19,635 | 92.3 |
| 1956 | 28,737 | 22,869 | 79.6 |
| 1961 | 53,533 | 35,871 | 67.0 |
| 1963 | 63,270 | 44,191 | 69.8 |
| 1965 | 79,362 | 58,983 | 74.3 |
| 1967 | 111,591 | 79,089 | 70.9 |
| 1968 | 143,173 | 92,589 | 64.7 |

Source: Cook-Stager, Reference 6, Table 1.3, p. 10.

Unless, then, those who favour CORSAP see as a necessarily consecutive step the increase in student fees, there can be little justification for such a complete change in policy in the student aid sector of post-secondary funding.

At this point, the question must be asked whether student aid should be the main route of approach to the problem. While Cook and Stager devote much attention to questions of equity and accessibility (as any study on student aid should be expected to do) it is the feeling of the Subcommittee that their report, offering as it does via a student aid plan a solution to broad post-secondary cost problems, should be equally concerned with the overall aspects of post-secondary financing. It may perhaps be that no researchers commissioned to undertake an analysis of student aid should be expected to deal with university expenditures from top to bottom, but it is the conviction of the Subcommittee that the conclusions Cook and Stager reach must now lead to such an analysis if CORSAP is to be seriously considered.

The interpretation of available data by Cook and Stager from previous studies carried out in Canada and elsewhere regarding students'attitudes to loans to finance their tertiary education, has led to considerable controversy.

The premise of Cook and Stager that

> not only are the upper incomes disproportionately represented in post-secondary enrolments but also that the OSAP awards therefore must also go disproportionately to the upper income groups.[1]

would, on the basis of information now available, seem somewhat exaggerated. A comparison of 1965 all-families income for Ontario and the incomes of parents of 1968-69 OSAP recipients should not in the opinion of the Subcommittee

1. Reference 6, p. 81.

be made without the necessary qualifications as to the reliability of the data.[1] That OSAP awards are apparently far more fairly distributed than Cook and Stager believed would, at least in part, seem to detract from their thesis that a major change is needed in student aid in Ontario.

The conclusion drawn by Cook and Stager is that since cultural factors (father's occupational level, parents' education, etc.) are slightly more responsible than immediate financial resources in convincing high school students to go or not to go on to post-secondary education, no attempt need be made within the frame of a student aid scheme as such to offer a grant incentive to students as a form of encouragement to give post-secondary education a try. The belief seems to be that cultural factors are impervious to such temptations. Little evidence, however, seems to be offered for this reasoning, which is weakened when the views of Cook, Clark, Fallis and Kent[2], the four researchers involved in the design and implementation of the survey of high school students discussed in Chapter IV of Cook-Stager are taken into consideration.

The slight edge given by Cook and Stager to cultural as opposed to immediate financial factors as affecting attendance at post-secondary institutions would seem to the Subcommittee to be insufficient reason to conclude that an

1. See Ref. 6, Table II.10, p. 82, compared with the information in "Accessibility - 1970", Ref. 35.

2. Reference 4.

all-loan program will not have serious effects on accessibility.

Although Cook and Stager deal with the question of the foregone earnings as a cost of education to the student,[1] the Subcommittee finds that they do so in far too cursory a manner to make this element of the cost-benefit discussion plausible. These authors note, on the basis of 1965-66 cost levels, that students'contributions (including foregone earnings) to the costs of university education in the province are of the order of fifty-five percent.[2] Foregone earnings account for about thirty-nine percent of this "total cost", and student tuition about sixteen percent.[3] Cook and Stager then go on to argue, however, that

> If it were assumed that young persons do not regard their foregone earnings as a cost of education, then their rates of return will rise sharply since such earnings constitute one to two-thirds of their total post-secondary costs. *Casual observation* of students' attitudes would seem to indicate that foregone earnings become important for different groups at different times.[4]

After thus presuming that foregone earnings do not count heavily in the student's own assessment of his costs, the authors are able to imply that the contribution of the student to total costs is far less than the fifty-five percent they were earlier able to support factually. Not content with the degree of imbalance of

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1. Reference 6, pp. 17-24.
2. *Ibid.*, Table I.6, p. 19.
3. Reference 6a, p. 2.
4. Reference 6, p. 23, italics added.

contribution thus "established", however, Cook and Stager go on to allocate the worth of the individual' foregone earnings to the contribution of society to higher education, arguing that

> It cannot be assumed that these foregone earnings are negligible for society's rate of return since foregone earnings represent a lowering of the level of current national income which would otherwise be enjoyed by a society. To the extent that foregone earnings are important socially but not privately, private rates of return will greatly exceed the social rates and thus we could assume that there is no social under-investment in further education at the prevailing tuition levels, unless external benefits prove to be quantitatively quite significant.[1]

What, of course, Cook and Stager fail to note in the above passage is that, at the present level of knowledge, it may be equally true that there is no social over-investment in further education either.

To buttress their argument that foregone earnings ought not to count so significantly in assessing the student's contribution to the total cost of his education, Cook and Stager point to the fact that

> to the extent that individuals derive immediate satisfaction from their educational experience, the investment component of their costs is decreased and their private rates of return rise accordingly.[2]

Since education is, to an extent (and, the authors seem to imply, to a very great extent) a"consumer good" then Cook and

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1. Ibid., p. 24, italics added.
2. Ibid., italics added.

Stager argue, if individuals were to "pursue this analysis",

> public support of higher education might be diminished without seriously reducing enrolment. But the extent to which individuals do, should, or might make these calculations must be the subject of further research.

The qualifying statement regarding "further research" seems irrelevant, however, since the presumptions which Cook and Stager have made to this point set the tone for the remainder of their analysis.

In the first place, if students' attitudes to foregone earnings and not the economic realities of those earnings are to be the scale by which such cost contributions are weighed, might it not be argued that such attitudes are much influenced by the current level of direct cost to the student? Is it not plausible that, though he does on "casual observation" at present tend to forget about the several thousand dollars he could be earning were he outside the institution, the student could be expected to become extremely conscious of this amount of money were it suggested to him that he be required to pay significantly more cash because he currently contributes very little to the "total cost" of his studies? If this is so (and the Subcommittee would suggest that "casual observation" indicates that it is so) then would not foregone earnings have logically to be put back onto the student's side of the ledger? We would suggest that the attitudinal and "consumer good" analysis of Cook and Stager leads to circular argument.

Furthermore, the argument that foregone earnings ought to count heavily, if not exclusively, as a social cost of education by "lowering of the current level of national income" seems to rest on a somewhat tenuous assumption. If this assumption is correct, then let us posit the emptying of the institutions and the flooding of the labour market. Do Cook and Stager really suggest that our current economic structures could long endure the absence of the "social sacrifice" of keeping hundreds of thousands of our young people out of the work force? It may well be that, as a result of such an "experiment", much of the current post-secondary expenditure of society would have to be made on welfare or job training programs, and that we would discover that keeping students in school is not as much a sacrifice as it is a necessary short-term and long-term investment. If this were found to be so, it would be because there are no earnings foregone by either society or the individual; this, however, seems to defy current economic thinking.[1]

In short, while we realize that current rates of educational expenditure may well require re-examination, and that an analysis of costs and benefits is required, it is the feeling of the Subcommittee that the answers will not be found

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1. The Economic Council of Canada, while noting that foregone earnings do, as Cook and Stager argue, constitute some cost to society, ("at least a short-term social cost in the form of output foregone") does not hesitate to allocate the amount of foregone earnings (in the Council's view, $2000 to $3000) to the contribution made by the student to the total cost of his education (Ref. 37, p. 60).

by leaving unchallenged some of the assumptions of the Cook-Stager report.

A simulation model is used by Cook and Stager to evaluate a range of CORSAP type programs and examine the viability of the scheme. The simulation program permits the amount of debt incurred initially, projected incomes after graduation, and several policy parameters to be varied and their effect upon the fund determined. What are probably two of the most important parameters are the participation and dropout rates. It is the fear of the Subcommittee that a scheme such as CORSAP may not direct a sufficient balance between "good risks" and "bad risks". For example, if a significantly large number of the former were able to borrow more cheaply outside the scheme on the basis of an expected quick and high payoff from a higher education, this would undoubtedly produce complications in the financial performance of the scheme and cast doubt upon its inherent merits. This is a matter that should be investigated very carefully before the implementation of any such scheme.

The Cook-Stager proposal gives rise to a "negative dowry" problem such as that noted in our foregoing general discussion of EOB schemes. While the authors give serious consideration to this aspect of their CORSAP proposal, they admittedly do not arrive at any definite solution to this double problem of equity and viability. M.T. DaSilva notes:

> In an attempt to assess the "negative dowry" aspect of a loan scheme, Cook and Stager quote a Bernard study which showed that such a consideration did not loom large in the minds of the borrowers... We feel that it is quite possible that student attitudes would have been different if debts were of the order of ten to twenty thousand dollars instead of 1 or 2 thousand dollars and expected repayment periods 25 or 30 years, instead of 1 or 2 years.[1]

Continuing with the viability of the CORSAP proposal, it is felt by the Subcommittee that the problem of interprovincial and international emigration may be larger than Cook and Stager suggest. If, under a provincial income-related scheme, a person emigrates from Ontario, there arises the complicated problem of recovering the loan. If the scheme is nation-wide the same problem poses itself if the borrower leaves Canada. Unless some workable arrangement were devised, a scheme such as CORSAP would create positive incentives toward emigration in addition to any which may already exist. Cook and Stager recognize this point, but it is felt that they may be unduly optimistic about the administrative problems that emigration poses for CORSAP.

It is, nevertheless, the belief of the Subcommittee that the Cook-Stager document has made an extremely valuable contribution to discussions of appropriate modalities of student aid in Ontario, since it has provoked a wide-ranging discussion of the costs and benefits of higher education generally.

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1. Reference 6a, p. 13.

While reiterating the concern we expressed at the outset of this Chapter with the psychological barriers created by a large "loan", regardless of its repayment terms, the Subcommittee does find particularly attractive the aspect of CORSAP that would allow for the level of repayment of loans generally to be contingent on the graduate's income.

While we disagree with the treatment of foregone earnings by Cook and Stager, it must be recognized that they at least deal with this important element of the cost-benefit analysis. As we shall see in the following section, the Council of Ministers'Proposal chooses to ignore this central issue.

Cook and Stager call to attention the need for equity in the area of student aid and higher education outlay generally. However, by trying to achieve equity in only one area of expenditure of society, it is the feeling of the Subcommittee that the Cook-Stager analysis has sacrificed much of the orientation to accessibility that any otherwise-viable student aid program must provide.

2. Proposal by the Council of Ministers of Education Subcommittee on New Approaches to Student Assistance (Ministerial Memorandum).

In November, 1969, copies of a "Summary of a Proposal for a New Program of Financial Assistance to Students" were made available to the members of OCSA by Mr. A. Gordon, Assistant Deputy Minister of the DUA who also is Chairman of the Council of Ministers of Education (COM) of Canada Subcommittee which prepared this proposal. Receipt of the Ministerial Memorandum[1] by OCSA coincided closely with the release of the Cook-Stager Report, describing a not-unsimilar scheme. The Memorandum (see Appendix "H") which, subsequent to the discussions[2] held with representatives of the federal government in Ottawa on April 21, 1970 was made available to the secretariat of the CPUO, makes no attempt "to provide the full details of background papers, research, and analysis which will be included in the final report". Although the latter is not yet available, the Subcommittee has decided to make some preliminary comments on this proposal especially since the latter has been the subject of numerous press reports.

To the extent that many of the general features of EOB schemes are to be found in the Memorandum currently being considered by the Subcommittee on New Approaches to Student Assistance of the Council of Ministers of Education, many of our foregoing observations on EOB schemes may be seen to apply to this proposal. We have selected five items for discussion here.

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1. Note that "Ministerial Memorandum" and "COM proposal" are used simultaneously to denote the Proposal for New Approaches to Student Assistance. We might have chosen (but did not) to use the term PRONASA to describe this proposal.

2. A summary of these discussions was also forwarded to the secretariat of the CPUO by the DUA and these documents were received by the Chairman of this Subcommittee on August 11, 1970.

## 2.1 Promotion of Accessibility

The Memorandum enumerates a number of basic goals for a new national student aid scheme. Among these the following appears:

> (e) It should distribute the available public funds in such a way as to guarantee that the person who subsequently does not enjoy a large measure of economic benefit from his post-secondary education should be the one to receive that portion of out-right grant assistance which the system can provide.[1]

The Memorandum notes that a "Term" of the new aid program would be that

> 3. The amount of the annual repayment will be a factor of the recipient's taxable income...
> It is at this point only that the aspect of a grant comes into play. This method of assistance then guarantees that only those who do not benefit in dollar terms from their investment will receive grant assistance.[2]

While the Subcommittee would endorse the COM proposal's adoption of a contingent basis of repayment for loan assistance as fostering social equity, we find astounding that the proposal should totally ignore the question of making grant assistance available to those about to come to post-secondary institutions as well as to those who have left them. Granted, the Memorandum concedes that it is a first proposal dealing

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1. Appendix "H", p. H-9.
2. *Ibid.*, p. H-10.

with the needs of students actually enrolled in post-secondary education, and does not attempt to provide a solution to the "broader problem of accessibility to post-secondary education which affects the decisions of able students in the lower income groups". On the basis of the discussion of accessibility in Chapter II of our Report, however, we feel that the COM proposal, in its present state, is unacceptable as a serious alternative to the aid scheme in existence in Ontario; the Memorandum lacks the second of the three necessary elements of any reasonable student aid scheme - equity, promotion of accessibility, and viability.

The qualification regarding accessibility made in the Memorandum suggests that the structures of the proposed scheme would not in themselves prohibit the introduction of in-course grant assistance where necessary. Such a statement is difficult to understand in the light of the basic terms and goals enunciated for the proposal to the present time. Accordingly, the Sub-committee would recommend:

> *That, if it is intended to include in-course grant assistance as a possible feature of the Council of Ministers' proposal for a new national student financial aid plan, such amendments be made to the summary statement of the proposal as to ensure a firm commitment to accessibility to post-secondary education before any new aid scheme may be implemented.*

2.2 The Means Test

Of the all-loan student assistance program it proposes, the Memorandum specifies as Terms:

> 5. The loans will bear interest from the date of issue at prevailing rates...

> 7. Every applicant must statisfy the criteria of a needs test. Since education is an investment, it is only reasonable that those who have private financial resources should use them wherever possible. This plan is designed to assist those who are not in a position to obtain the necessary funds through private sources.[1]

The Subcommittee appreciates the concern of the COM proposal with equity in its efforts under Term 7 to ensure that scarce public monies - even though repayable - are not allocated for purposes other than those for which they are intended. We would observe, however, that the two Terms cited above would seem to be counter-productive in view of the objective of the plan to be as self-supporting as possible.[2] We feel that the conditions of Term 5 noted above would themselves preclude the temptations for misuse by borrowing and reinvestment that were experienced in the early operation of the Canada Student Loans Plan, since to make abuse worthwhile under the current

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1. Appendix "H", pp. H-12 and H-13.
2. Appendix "H", p. H-15.

proposal, a non-deserving applicant would need to be resourceful enough to find a source of investment with a return greater than the prevailing rate of interest. It is the feeling of the Subcommittee that a means test may have the unfortunate effect of screening out the type of student needed to help the fund realize some degree of self-support -- the student who upon graduation will repay the total principle borrowed along with interest and thus help to make up for the lack of total repayment by the graduate whose income is less. To sum up, while a means test would seem justifiable on the grounds of equity, the Subcommittee feels that it constitutes a danger to the viability of the plan which, until evidence to the contrary is received, would outweigh the laudible concern with proper use of funds.

### 2.3 The Fifteen-Year Repayment Period

The COM proposal contains provision for a repayment period of fifteen years.

> The principle here is quite simple. If an individual earns enough in fifteen working years after graduation to repay his total debt, then he has benefited accordingly from the investment. It should be noted here that any person may repay his total indebtedness plus interest at any time. The amounts calculated for annual repayment are to be considered minimal.
>
> Fifteen years has been chosen as a reasonable time in which to operate the program. It should be emphasized that, at this preliminary stage, flexibility is provided either to

> lengthen or shorten the number of years of repayment or to increase or decrease the amount repaid annually as long as the scale is based upon a percentage of income tax paid. Final determination of these two features will depend upon more detailed actuarial analysis than has been possible to date.[1]

While the COM wisely left room for varying the length of this period, it is the opinion of the Sub-committee that little purpose is served by a seemingly arbitrary choice of number of years without a corrobative discussion of the rate of repayment, opt-out interest rates, probable size of loan, negative dowry problem, etc. There is a danger that a convenient and no doubt publicly-attractive figure of fifteen years will give the plan a deceptive simplicity and appeal which no such scheme, in our opinion, for the moment deserves. Lengthier repayment periods, perhaps a life-long "graduate tax" for all beneficiaries of higher education would, for instance, seem to merit attention, and may contain advantages such as administrative efficiency and viability.

### 2.4 Increased Cost to the Student

As noted earlier, one of the main advantages cited for all-loan programs is that they facilitate increases to the student in the cost of his education. The COM proposal notes:

1. Appendix "H", pp. H-11 and H-12.

> (T)his program will permit adjustment of fees in accordance with changes in philosophy and policy concerning the proportion of educational costs which *it is determined* should be borne by the individual. This is a broader question which deserves much debate.[1]

It would appear that no such "determination" has yet been made of what if any increased costs to the individual the proposal ought to facilitate, although one Ontario spokesman at the COM deliberations said that any increase in student fees by post-secondary institutions under such a scheme would result in their grants being cut by a corresponding amount.[2] While such a statement would seem to ensure that an individual university could not arbitrarily use the proposed student aid scheme to increase its financial resources, the question of a government-inspired system-wide shift in costs is left unanswered. While the Sub-committee on student aid realizes that it is impossible to predict with assurance what amounts in absolute dollars students might be expected to absorb under such a scheme, we would recommend:

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1. Appendix "H.", p. H-13, italics added.

2. Council of Ministers of Education, Canada, Subcommittee on New Approaches to Student Assistance, "Summary of Discussions With Representatives of the Federal Government" April 21, 1970 (mimeo).

*That, in view of the feature of the Council of Ministers Proposal for a new national program of student financial aid whereby adjustment of tuition fees by post-secondary institutions could be authorized by the governments concerned to allow for payment by the student of a greater proportion of the direct costs of his education, some indication be given by the Council of Ministers of Education of Canada of the contemplated parameters of such permissable adjustment, in order that public debate on the merits of such a new scheme of assistance may focus on some dollar figure cost to the student.*

2.5 Date of Implementation

The Ministerial Memorandum notes that "Should the proposed scheme prove feasible, it is hoped that it could be inaugurated by 1972." In view of the limited information now available on the effects of student aid schemes generally, and the research necessary to the success of such a proposal in particular, the Subcommittee on Student Aid would be more inclined to agree with a further statement in the Memorandum that such a date "might appear to be overly optimistic", especially if public education and involvement in the comprehension and preparation of the program is not to be curtailed. We do not feel that a separate recommendation is required here; the reader is referred to the one on page 82.

B. All-Grant Student Aid Proposal

The student aid proposals in the previous section of this Chapter oriented themselves to a concern with equity and, the Subcommittee noted, left many questions unanswered regarding the ability to foster accessibility. One proposal has been put forward which is heavily motivated by a concern with the psychological barriers to post-secondary education imposed by apprehension in the face of financial considerations. Cook, Clark, Fallis and Kent (CCFK), the researchers who carried out the high school survey that forms part of the Cook-Stager Report, apparently differed enough with the latter authors in the interpretation of the results of this survey to publish their own report and proposal[1] for an all-grant "student salary" scheme. Specifically, CCFK advocate that their proposal be implemented through the present OSAP machinery by eliminating the loan portion of the present program's assistance while maintaining the total award.

In defense of anticipated criticism that the costs of such a proposal would prove prohibitive, CCFK argue:

> The costs of a pure grant scheme would be significant, effectively doubling the present expenditure. However, this would still only represent about 2% of the provincial budget in 1967-68, hardly a significant commitment to helping ensure

1. Reference 4. For a contrast in the findings of Cook-Stager and CCFK see p. 88 of the present report.

> equality of access to our most crucial state resource... If the Ontario Government continues to make up the same proportion of the Gross Provincial Product and the economy grew in money terms at the rate of 7% per year, a growth rate which Ontario has dropped below only once since 1961, a full grant aid scheme would represent only 3.7% of the provincial budget in 1980-81 and 3.9% of the budget in 1989-90. This would mean merely a threefold increase of the present OSAP commitment, spread over a span of twenty-three years. The absolute costs of such an aid scheme do, at first, seem large, but when seen in proper perspective of provincial growth they are not dramatic. Furthermore, this analysis may even over-state the cost for it is based on the assumption that the provincial government does not increase its sector of Gross Provincial Product.[1]

CCFK see their proposal as part of a series of broader reforms for society, advocating a provincial reform of the tax structure and implementation of a pilot study to eradicate the socio-economic disadvantages of an underprivileged area of the province as a step toward the establishment of a democratic, horizontally-structured society.

CCFK advocate three criteria by which any student financial aid scheme should be evaluated: first, it must provide sufficient funds to eliminate the cost barrier to higher education; second, it must be "equitous", i.e., low income students should not have to endure hardships higher income students do not face (i.e., borrowing); third, it must influence the decision-making process of students who

1. Reference 4, pp. 123, 124.

decide against post-secondary education because they believe it is beyond their means.

The authors argue that only a salary scheme can eliminate for the low-income student the hardship of borrowing. The Subcommittee, while agreeing with the seemingly underlying contention that loans present a greater psychological barrier to higher education for the low-income student, would not concur that loans at the point of borrowing cause a "hardship" in the true sense of the word.

Furthermore, while we find the CCFK proposal admirable in its intent to render post-secondary education more accessible to the children of lower-income parents, we would observe that their scheme takes no account of what the Subcommittee considers also to be a necessary feature of any proposal - the social consideration we have referred to as equity. Until society is structured differently, some account must be taken of costs and benefits in social expenditures. CCFK argue that a student salary scheme is needed, not to encourage those in the upper years of high school to further their education, but to convince lower-income students in the earlier grades that post-secondary education could be a reality for them. We would suggest that adoption of an all-grant basis for each and every award given in every course year is an overly-costly way to reap the benefits desired.

C. Recommendation

On the basis of the foregoing discussion in the Chapter the members of the Subcommittee are agreed on the following points:

a) The Subcommittee does not consider that any single one of the student aid schemes discussed (including OSAP in its existing state) adequately meets with the criteria of equity, accessibility and viability.

b) Of the student financial aid proposals discussed in this Chapter, the Subcommittee would find least appealing the one put forward by the Council of Ministers, at least until the Subcommittee's recommendations about this proposal are implemented.

Furthermore, the Subcommittee would urge that no proposal such as that of the Council of Ministers or CORSAP ever be implemented at any level other than the national one.

c) The Subcommittee feels that the CCFK all-grant assistance proposal would greatly improve accessibility to post-secondary institutions of students from disadvantaged backgrounds, but questions whether financial support in this form of award should be made available to all students who have established need, regardless of their year level in post-secondary programs.

d) The Subcommittee favours the general principle of a contingent repayment basis for loan assistance.

e) The Subcommittee favours a level of student fees which would reflect an economic assessment of individual and social benefits, but would not approve an attempt at such an assessment on a course-by-course basis.

Furthermore, the Subcommittee would wish that careful attention be paid to the dollar level of any upward adjustment of student fees based on the above type of assessment, and is not in favour of absorption of the full direct cost of their education by students.

Earlier in this report (p.33) the Subcommittee expressed its concern that the present loan-grant ratio in OSAP did not adequately reflect the necessary goal of the program to foster accessibility to higher education in this province. We have kept in mind the observation that all-grant assistance is desirable if those who would not otherwise consider post-secondary education are to be placed on an equal footing with those who see post-secondary education as a distinct or definite option. Our concern is that grant money be used where it would appear to be most necessary or most effective in facilitating and encouraging the decision to attempt tertiary education, that is, in the earlier years of a course of post-secondary studies. The Subcommittee would, therefore, make the following recommendation:

*That, in the interest of preserving and fostering equality of access to post-secondary education and until doubts and concerns about alternative student financial aid programs are satisfactorily resolved, the Ontario Student Awards Program be altered so as to introduce:*

*(a) A variable loan-grant ratio that would provide for a larger grant portion (up to 100% of the student's direct costs according to need) to students in the first year of post-secondary programs with a progressively higher loan portion in subsequent years.*

(b) *repayment of loan assistance contingent on the borrower's income after graduation.*

(c) *an additional supplementary, non-subsidized loan fund with conventional repayments, without formal means testing, but with provincial guarantee to supplement the necessarily-stringent means testing under OSAP. Such loans to be made only on the recommendation of student awards officers to students who do, in fact, have considerable financial need, but who qualify for minimal or no assistance through OSAP.*

It is felt that these recommended changes would benefit primarily those students who, because of social and/or financial constraints, might not consider continuing their education although they may have the ability and the latent motivation to undertake post-secondary studies. Once the transition from the secondary to the tertiary level has been made such students would be in a better position to decide to which level they might wish to pursue their formal education. The financial barrier which might have been a deterrent upon graduation from high school would now be viewed from quite a different perspective.

If these changes in OSAP were to be implemented, the $600 maximum for the loan portion of awards would have to be raised upward for certain students in the upper years of their program. As a student advanced in his post-secondary program he would be expected, on the basis of an assessment of his resources, to undertake responsibility for a progressively greater proportion of the direct costs of his education. In order to keep the method of assessment of resources as simple as possible and also to meet the needs of students who may not qualify for an award on this basis but who may, nevertheless, require funds due to personal circumstances, the Subcommittee has recommended the establishment of a special fund from which students in these circumstances could draw funds.

For the Subcommittee's recommendation on necessary modifications to student aid policy as concerns the part-time student see Chapter III, Section E of the present Report.

## VI. THE ONTARIO COMMITTEE ON STUDENT AWARDS

In order to provide, at the Ministerial level, a formalized consultative[1] process relative to post-secondary student financial support in Ontario, the Honourable William G. Davis, Minister of University Affairs, created the Ontario Committee on Student Awards (OCSA) in 1965. Members of this Committee are experienced resource people including students and awards officers, as well as senior faculty and administrative officers from Ontario post-secondary institutions.

The Ontario Union of Students (OUS) provided the student representation on the Committee when it was first established. However, the OUS relinquished its membership in the summer of 1969 and the Committee decided to fill the student seats by inviting representation (on a rotating basis) from the Student Councils of individual universities. At the present time there are representatives from Guelph, Windsor and Ottawa and from the Colleges of Applied Arts and Technology Students' Associations of Ontario on the Committee.

The Committee conducts a detailed annual review of the Ontario Student Awards Program and where necessary recommends

1. Provincial student aid committees "to develop the regulations for a provincial programme of student aid, to advise on the scale of that aid, and to review annually the effectiveness of the programme" were recommended in the report of the Bladen Commission on The Financing of Higher Education in Canada, 1965, Ref. 2, p. 82.

changes in the program for the next year. OCSA is particularly concerned with the cost of the program, efficiency of its administration, and the degree to which OSAP meets its declared objectives. The Committee has not had the benefit of having research staff at its disposal and, in the past, special studies related to student aid have been commissioned by a steering committee. One such study is the work of Cook and Stager which is discussed in our report.

One of the problems facing the Committee has been that of an effective mode of operation. It became increasingly evident to Committee members that the effectiveness of one large meeting monthly was indeed somewhat questionable. Commencing in August of 1970, the Committee began operating with a loose subcommittee structure, in which the OCSA members met more frequently in specific task-oriented work groups.

Another area that requires attention relates to the jurisdiction of the Ontario Committee on Student Awards in making its recommendations to the government. In the past, the Ontario Council on Graduate Stud'es (OCGS) has made its recommendations on graduate student awards directly to government, with little or no consultation with OCSA. More recently, however, liaison between the two groups has been closer. While recognizing the distinctiveness of graduate and undergraduate students with regard to student aid needs, the Subcommittee feels that a more integrated approach should be taken by those involved in making recommendations for awards at each level.

It is our own feeling that the Ontario Committee on Student Awards can continue as an extremely viable and valuable element within the deliberative process in Ontario relative to student financial aid. The Subcommittee, however, recommends the following:

> *That the Ontario government provide an adequate research staff for the Ontario Committee on Student Awards. This staff, which would have specific responsibilities to OCSA would enhance the Committee's effectiveness and viability as a representative council of the various post-secondary educational interests in Ontario.*

> *That the Ontario Committee on Student Awards act in an advisory capacity for all government-sponsored student awards, including those at the graduate level and be responsible for the liaison necessary to coordinate these.*

# VII. CONCLUSION AND LIST OF RECOMMENDATIONS

Early in its Report the Subcommittee noted the 1965 statement of the CPUO Presidents' Research Committee to the effect that student financial aid ought to be seen in the total perspective of the educational goals of a society. The Subcommittee attempted to discover what the announced policies were in various facets of the post-secondary sector and was able to formulate a statement which summarizes the current general policy of higher education in Ontario, as aiming at

> universal accessibility qualified by such concepts as academic achievement and a willingness to undertake at least partial personal financial responsibility.[1]

In our consideration of different approaches to student aid, we have been concerned with their role in achieving this goal. We believe that there is general acceptance of the goal as we have formulated it. The current controversy as to the most appropriate form of student aid appears to stem from differences in the relative emphasis on the component elements of the stated objective: the argument for all-loan forms of assistance (which provide, as we have observed, for increasing the cost borne by the student for his education) stress "willingness to assume at least partial personal financial responsibility"; the all-grant proposal underlines "universal

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1. See Chapter II, p. 13.

accessibility". If we have arrived at somewhat of a middle point between these two extremes, it is because we have interpreted the basic goal in the light of what we feel to be the three necessities that any student aid scheme must provide for: equity, accessibility and viability.

The atmosphere surrounding the Subcommittee as it produced its report was one of deep concern with the rising costs of post-secondary education: two of the major proposals we examined seemed as much geared to providing solutions to this entire financial crisis as to solving the short-term money problems of students. It soon became apparent that, if student aid proposals were to be examined, as well as means of saving money, some critical comments had to be made both about their appropriateness for this role and about the availability of alternative means perhaps more obviously suited to a stringent cost-benefit analysis.

Significant portions of our Report are taken up with discussions of the costs and benefits of higher education.[1] Theoretically, upon resolution of the controversy as to what these are for the individual and for society will come a decision on how much the individual will be expected to pay toward the direct costs of his education and, accordingly,

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1. See Chapter IV.

what amounts of money, in what form and to how many people a student aid plan will be required to provide. The Cook-Stager proposal deals extensively with the cost-benefit issue, and reference to this document is made frequently in our Report. These authors appear to argue that, under present arrangements, the cost of the individual's education is borne heavily by society and rich benefits are reaped by the student. Implicit is the conclusion that CORSAP could allow the individual to contribute far more heavily than he is doing now.

One question that seems as yet without an answer, however, is why tertiary education at the undergraduate level should be singled out as the level of education where students should pay significantly more of their own costs; "free" support in the form of fellowships, assistantships and bursaries seems far more available at the graduate level.

Of particular concern to the Subcommittee is the abandon with which so many of the advocates of EOB-type schemes are prepared to dismiss the capacity of any student aid plan to serve as a tool of accessibility by making post-secondary education seem more of a possibility for disadvantaged young people.

> We have no quarrel with the principle that those who can afford to do so should pay a larger share of the cost of their education. Our concern is focused upon the students who cannot afford to do this ... the potential

> entrants who come from the lower socio-economic levels of the population are likely to be discouraged from making any application to a university if they see a formidable financial barrier without increased assistance to surmount it ... If we are to give equal opportunity to these students we must be able to assure them of additional help. Moreover, it is the experience of the Ontario universities ( and of those elsewhere) that such students are unlikely to apply for admission if support is available to them only in the form of loans; they find the prospect of accumulating a heavy load of debt over three or four years disheartening, no matter how generously the obligation of repayment is stated. We believe, therefore, that loans are not an acceptable substitute for bursaries at this level. [1]

The Subcommittee finds that the above passage, from a 1964 memorandum of the CPUO Presidents' Research Committee, well describes our feelings in 1970. It is for this reason that the Subcommittee cannot endorse any of the EOB-type schemes that have been proposed in the Province in the last twelve months as a solution to the ills of disproportionately rising costs in the educational sector. We are concerned that not enough is known about the reasons for an apparent upward shift in accessibility in the last five years in Ontario to permit us to dismiss a student aid program which incorporates grant money as being an irrelevant fact in this phenomenon. We are wary of substituting loans completely for grants, and have instead offered changes in OSAP that would permit

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1. Reference 28, p. 53.

grant monies to be concentrated at the level of admission, where we believe they will have the most effect. The Subcommittee feels that only in this way can a student aid program further the educational goals of the people of Ontario by enabling, and not simply permitting, every able person to achieve access to our post-secondary institutions.

## LIST OF RECOMMENDATIONS

1. That the DUA Research Branch in future accessibility studies present information broken down by types of institution, so that those concerned with particular elements of post-secondary enrolment may undertake further studies based on this information.

   Chapter II, page 28.

2. That within the current OSAP definition of single Group B students there be instituted a more realistic means test than a mere statement of non-support from the parent.

   Chapter III, page 40.

3. That provision be made for part-time students proceeding to a degree, diploma or certificate to receive financial assistance on a basis comparable to full-time students, such assistance to take into account academic costs such as tuition fees and books, and possibly such incidentals as transportation, baby-sitting, etc., if applicable. While it is envisioned that in many cases, awards to part-time students would be in loan form, provision should be made for grant assistance where warranted. Because of the peculiar situation of the part-time student, consideration should be given to having him repay any advance on an ongoing basis.

   a) That such amendments be made to the Canada Student Loans Act as to permit access to government financial assistance by those students who are less than full-time.

   b) That similar necessary amendments be made to OSAP.

   c) That, until (a) and (b) can be brought about, the Province of Ontario implement a loan program for the benefit of part-time students, and that this program contain a means test.

   Chapter III, page 48.

4. That for part-time employment, whether as teaching fellows, assistants, or demonstrators, or for any other on-campus or off-campus work, income be non-deductible from the grant portion of an OSAP award, at least until an equitable method of evaluating part-time earnings of OSAP applicants can be established.

   That the amount of $150. which a student may receive from other awards for academic achievement without the grant portion being affected under the current OSAP regulations be raised.

   Chapter III, page 50.

5. That no change be made in the treatment of the grant portion of the award to a student unsuccessful in his previous year's studies, but that the universities of Ontario evaluate their attitude to maintaining the academic status of such students in order to provide a coherent rationale for the total financial expenditures involved.

Chapter III, page 53.

6. That for landed immigrants classified as "Group A" applicants who have immigrated to Canada under the sponsorship of permanent Ontario residents (relatives or friends but not parents) the OSAP application form should contain a question relating to sponsorship and, if the student has not gained entrance to this country on his own economic merit, that the assessment procedure include the resources of the sponsor rather than the parents of the student.

That the policy that a "Group B" applicant must have twelve months'residence in Ontario prior to enrolling in a post-secondary program as a condition of eligibility for student aid under OSAP be modified to provide for the case of the student who may be enrolling in mid-course.

Chapter III, page 55.

7. That the Department of University Affairs reassess its programs of information, evaluating their effectiveness in encouraging post-secondary education and emphasizing the financial assistance that is available. Such information programs should be directed not only to students in primary and secondary schools, but to parents and the public at large.

   a) Ensure that at least one person in each school in Ontario is briefed regularly by a person from the DUA regarding the dissemination of information to <u>both</u> students and parents;

   b) Make use of popular media such as television and ensure that literature is available in the languages of minority groups;

   c) Students in Ontario's Colleges of Education, as part of their curriculum, should be made aware of the psychological and economic barriers to post-secondary education in order that they may be able to offer advice to those in the elementary and secondary schools who face such barriers.

Chapter III, page 57.

8. That post-secondary institutions and provincial officials undertake to compute the annual per capita cost of educating a student at the post-secondary level;

   a) that in doing so they commit themselves to reaching agreement on:

      i) the issue of foregone earnings,

      ii) the amortization of capital costs.

   That this per capita cost be made explicit and debate be invited from all those affected to consider the most desirable allocation of this cost between the public and private sectors.

   That alternative student aid schemes be evaluated in their total context with central reference to the distribution of costs and the promotion of accessibility.

9. That no student financial aid program based on an EOB-type concept should be introduced in Ontario until:

   - satisfactory evidence is available on the factors influencing accessibility;

   - the amount of the student's expected contribution to the costs of his education is clearly made known;

   - some of the internal technicalities of EOB-type schemes have been more thoroughly resolved.

   Chapter V, page 82.

10. That, if it is intended to include in-course grant assistance as a possible feature of the Council of Ministers'proposal for a new national student financial aid plan, such amendments be made to the summary statement of the proposal as to ensure a firm commitment to accessibility to post-secondary education before any new aid scheme may be implemented.

    Chapter V, page 98.

11. That, in view of the feature of the Council of Ministers' Proposal for a new national program of student financial aid whereby adjustment of tuition fees by post-secondary institutions could be authorized by the governments concerned to allow for payment by the student of a greater proportion of the direct costs of his education, some indication be given by the Council of Ministers of Education of Canada of the contemplated parameters of such permissable adjustment, in order that public debate of the merits of such a new scheme of assistance may focus on some dollar figure cost to the student.

    Chapter V, page 103.

12. That, in the interest of preserving and fostering equality of access to post-secondary education and until doubts and concerns about alternative student financial aid programs are satisfactorily resolved, the Ontario Student Awards Program be altered so as to introduce:

    (a) A variable loan-grant ratio that would provide for a larger grant portion (up to 100% of the student's direct costs according to need) to students in the first year of post-secondary programs with a progressively higher loan portion in subsequent years.

    (b) repayment of loan assistance contingent on the borrower's income after graduation.

    (c) an additional supplementary, non-subsidized loan fund with conventional repayments, without formal means testing, but with provincial guarantee to supplement the necessarily-stringent means testing under OSAP. Such loans to be made only on the recommendation of student awards officers to students who do, in fact, have considerable financial need, but who qualify for minimal or no assistance through OSAP.

    Chapter V, page 108.

13. That the Ontario government provide an adequate research staff for the Ontario Committee on Student Awards. This staff, which would have specific responsibilities to OCSA would enhance the Committee's effectiveness and viability as a representative council of the various post-secondary educational interests in Ontario.

    Chapter VI, page 112.

14. That the Ontario Committee on Student Awards act in an advisory capacity for all government-sponsored student awards, including those at the graduate level and be responsible for the liaison necessary to co-ordinate these.

    Chapter VI, page 112.

# APPENDIX "A"

This appendix contains copies of the reports submitted by universities in reply to Circuletter 543 of the Committee of Presidents of Universities of Ontario (see Introduction), and has been bound separately.

# A P P E N D I X "B"

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## APPENDIX "C"

Recommendations made by the Committee of Presidents of Universities of Ontario Research Committee in its report "Student Awards" submitted in June 1965.

1. Every student who is a resident of Ontario and who has been admitted to university should receive an award each year.

2. Students who are residents of Ontario should receive awards from funds made available through the Government of Ontario; students from Canadian provinces other than Ontario should be assisted through their own provincial governments or from funds in the control of individual universities; students from abroad should be assisted by their own governments, by the Federal Government, or from funds in the control of individual universities.

3. Full-time students in good standing in all years of post-Grade 13 courses leading to university degrees, diplomas, or certificates should receive awards.

4. A basic minimum award of $100 per annum should be payable to any student upon application. The amount of any award above the minimum should be based upon a standardized, objective assessment of the student's financial resources (including net savings from summer employment) and of his prospective expenses (including fees and maintenance); the assessment to be applied uniformly across the Province and for all universities, by an independent agency similar to the College Scolarship Service in the United States.

5. There should be parity of treatment for men and women; the fact that female students are often unable to earn as much during the summer as male students should be considered in determining awards.

6. A student should receive no additional assistance by virtue of the fact that he or she is married; marriage is the student's privilege, but the subsidization of student marriages is not society's responsibility.

7. A student who has failed a year and wishes to repeat the year or to enrol in a different course should not be eligible for an award unless strongly recommended by the university.

8. Loans should be used only for emergencies and for special cases such as the student who fails.

9. Allowance should be made for handicapped students who cannot earn money in the summer, and for students with dependent parents or collaterals.

10. Payments should not be made in a way that would interfere with the freedom of the student to choose among the universities; except that a student would not receive an award to attend a foreign university if the course he wished to take were available in Canada.

11. The level of awards should reviewed periodically under the direction of the Committee of University Affairs in the light of changes, e.g., in the cost of living.

12. The existing (June 1965) scheme of Ontario Scholarships should be superseded by a scheme, which might be financed from private funds, whereby Merit Scholarships of $250 would be paid to students in any year for a very high level of academic achievement; a Merit Scholarship would not be counted as part of a student's financial resources in determining his eligibility for a regular award.

A P P E N D I X "D"

DR. ROBERT M. PIKE - LETTER TO THE EDITOR, GLOBE AND MAIL, TORONTO

MONDAY OCTOBER 26, 1970

# Research report on student population at university called misleading

In a recent report contained in your newspaper (Gap Between the Rich and Poor in Universities May Be Closing—Oct. 15). reference is made to a study paper recently issued by the Ontario Department of University Affairs which purports to show that the gap between rich and poor in access to higher education in Ontario may be narrowing. Since I am directly quoted in your report as having concluded that it is highly questionable that there has been any such narrowing of the accessibility gap between children of the upper social strata and the children of semi-skilled and unskilled manual workers, I would request the opportunity to reply to this implied contradiction of my conclusions. I am assuming that the Department of University Affairs' study paper referred to in your report is that short mimeographed document currently circulating in a number of Canadian universities.

First of all. the headline to your report is clearly misleading. It makes a specific reference to access to the universities. whereas no such specific reference is contained in the text of the report. nor in the DUA document. both of which are content to talk in terms of "the post-secondary student population". This point is important because the "post-secondary student population" covers students in universities. teachers' colleges, community colleges. and all other kinds of post-secondary institutions and there is accordingly no solid basis for assuming that the universities, as a distinctive body of institutions. are becoming significantly more accessible to children from lower income families. On the contrary. it is quite possible that the narrowing of the accessibility gap (if such a narrowing has actually occurred) is largely a result of the development of community colleges. since these institutions tend to attract a proportionately larger number of young people from low-income families than do the universities of the province. This possibility is not touched upon in your report. and does not appear to have been considered in the study paper produced by the Department of University Affairs.

Secondly. the statement which you attribute to me in your report is quite accurate if seen as being related to selection for university education at the undergraduate level (since such was the main focus of my study for the Association of Universities and Colleges). but nowhere have I suggested that it is relevant to the total post-secondary spectrum. On the contrary, a careful reading of my study will reveal the fact that I have explicitly noted therein that community colleges and similar institutions may well be providing new educational opportunities for young people from low-income families.

Putting the above points aside. I should note that the evidence that the universities in Ontario still attract a disproportionately large number of students from upper-income families is overwhelmingly strong. For example. a comprehensive research document produced through the Institute for Quantitative Analysis of Social and Economic Policy of the University of Toronto in 1969 (Edmund Clark et. al. Student Aid and Access to Higher Education in Ontario) shows quite conclusively that Toronto high school students from families in the upper and middle-income brackets are far more likely to remain in school up to the Grade 13 level than high school students from low-income homes.

It follows accordingly that, unless there is some extraordinary reversal of this pattern of social selection between Grade 13 and admission to university. the Ontario university student population will evitably be somewhat elitist in terms of family background, for the very good reason that the bulk of university undergraduates are recruited from amongst the Grade 13 group. I have yet to see any evidence which would contradict this line of reasoning, or which would show that the universities have become substantially more "democratic" institutions. in terms of the social origins of their students, over the course of the past 10 years. Undoubtedly there are considerable numbers of students from low-income families who do attend university, but. nevertheless. a university education is still an important means whereby well-off parents pass on their social and economic advantages to their offspring.

I do not wish to labor the point. but seems to me that the research report r leased by the Department of University A fairs is somewhat misleading (and incide tally. conducive to an unwarranted compl cency) in that it fails to make any distin tion between different patterns of social s lection for different types of post-secondar institution. Furthermore, I must admit th I am at one with Professor John Porter i doubting the main proposition expounded i the study paper—to wit. that a student fro a family with a gross income of $2,00 $3.000 a year is statistically just about a likely as one from the wealthy upper-clas home to attend a post-secondary institutio of some kind (albeit. according to my li of reasoning. the latter would be mor likely to attend a university than the fo mer). There are a multitude of factors some economic and others psychological which combine to restrict the education opportunities of young people from low-i come families. Since sociological researc carried out in the United States and Britai shows pretty conclusively that there is. i these countries. a class bias in selection fo all types of higher education. are we to pr sume that in Ontario. unlike other weste industrial societies, we have established a egalitarian Utopia in which the educa tional barriers confronting the poor hav largely disappeared? Frankly. I very muc doubt it.

Robert M. Pike
Kingston

## APPENDIX "E"

PUBLIC FINANCIAL AID TO UNDERGRADUATES IN CANADIAN UNIVERSITIES
FOR THE YEAR 1970-71

| | NFLD | PEI | NS | NB | QUE | ONT | MAN | SASK | ALTA | BC | YUK | NWT |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Canada Student Loans | X | X | X | X | | X | X | X | X | X | X | X |
| Provincial Loans | | | | | X | | | | X | | | |
| Bursaries | X | X | X | X | X | X | X | | X | X | | X |
| Scholarships | X | | | | | X | | X | X | X | X | |
| Allowances | | | | | | | | | | | X | X |
| Free Tuition | X | | | | | | | | | | X | X |

Source: University Affairs July 1970.

Prepared by : W. J. Primeau
AUCC October 1970

## APPENDIX "F"

NUMBER OF AWARDS AND FUNDS INVOLVED FOR
RECIPIENTS OF AWARDS IN
POST-SECONDARY INSTITUTIONS IN ONTARIO

| UNIVERSITIES | 1966-67[a] | 1967-68[a] | 1968-69[a] | 1969-70[b] |
|---|---|---|---|---|
| No. of loans | 20,686 | 30,831 | 33,992 | 41,839 |
| Total loans | $10,602,380 | $17,367,598 | $17,287,577 | $22,797,823 |
| No. of grants | 15,696 | 29,873 | 32,593 | 40,298 |
| Total grants | $ 4,252,341 | $15,971,700 | $17,740,521 | $23,187,230 |
| CAAT's | | | | |
| No. of loans | 2,473 | 5,641 | 6,789 | 11,159 |
| Total loans | $ 1,195,346 | $ 2,793,962 | $ 3,178,703 | $ 5,580,121 |
| No. of grants | 2,482 | 5,475 | 8,115 | 10,746 |
| Total grants | $ 549,051 | $ 1,787,082 | $ 2,797,856 | $ 4,318,138 |
| OTHER ONTARIO POST-SECONDARY | | | | |
| No. of loans | 1,694 | 2,492 | 13,277[c] | 3,611 |
| Total loans | $ 661,229 | $ 1,374,403 | $ 6,221,224[c] | $ 1,992,903 |
| No. of grants | 1,184 | 1,952 | 4,275[c] | 2,759 |
| Total grants | $ 218,440 | $ 512,520 | $ 1,789,952[c] | $ 852,705 |
| INSTITUTIONS OUTSIDE ONTARIO | | | | |
| No. of loans | 7,453 | 2,692 | - | 3,147 |
| Total loans | $ 3,950,346 | $ 2,001,519 | - | $ 2,337,883 |
| No. of grants | 895 | 1,244 | - | 1,520 |
| Total grants | $ 262,875 | $ 704,375 | - | $ 975,436 |

a. Report of the Minister of University Affairs, 1968-69 (Toronto: D.U.A., 1969) pp. 112-117.

b. Source: Mr. L. Peebles, Director, D.U.A., Information Branch, October 30, 1970.

c. Includes "Other Ontario Post-Secondary Institutions" and "Institutions outside Ontario".

## APPENDIX "G"

### A SUMMARIZED GENERAL DESCRIPTION OF CORSAP*

A summary description of the contingent repayment student assistance program (CORSAP) proposed in our Report is presented below. We first trace a group of students through the program and then look at the general administration of the program.

The Individuals

1. Any eligible student who enrols at an approved post-secondary educational institution (in Ontario or elsewhere) would receive an advance equal to part or all of the cost of the tuition fee, costs of supplies and transportation, and room and board, for the academic year at the chosen institution.

2. The student, whether enrolled full-time or part-time, would have filed an application with the institution's student awards officer. This officer would have approved the application and requested the central office of CORSAP to send a cheque for the required amount to the student.

3. The student's application would state the conditions of payment commencing with the first employment year. These conditions would include the percentage of annual gross income to be paid each year to the CORSAP fund along with income tax payments. This percentage could be a fixed rate for all borrowers (e.g. 7 percent of gross income), or a percentage of income for each $1,000 borrowed, or a percentage of income for each $1,000 borrowed with a maximum percentage of income that would be required in any given employment year.

4. The conditions specified would include the number of years for which CORSAP payments would be required following graduation and the interest rate which would be applied to determine when the graduate had repaid fully the original advance plus interest accumulated from the original contract date. (The interest rate has been called the "opt-out" rate, but in fact no option exists. This will be explained later).

5. The student would apply for an advance each year he was enrolled in a post-secondary study program (again, full-time or part-time) and would agree to the specified repayment conditions which could be altered each year.

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* Submitted by Drs. Cook and Stager to the Ontario Committee on Student Awards at the meeting held December 11, 1969.

6. When the student graduated, his CORSAP contracts would be consolidated. He would then begin paying a specified percentage of his income each year when he filed his income tax statement.

7. If the student decided to postpone regular employment (to work in CUSO or travel in Europe) the commencement of tax payments would be delayed accordingly.

8. When a married woman left the labour force (or did not enter it after graduation), she might be permitted simply to discontinue CORSAP payments until she resumed employment, whether full-time or part-time. This arrangement obviously would result in a major subsidy of married women graduates. Alternatively, such a woman's annual payment could be related to what she could earn by full-time employment. If she worked less than full-time (including not at all) her payment would be based on her actual income (including the case of zero income) plus a fraction of the average income for other women of her age and education level who worked full-time. The fraction would be the extent to which she did not work full-time. Thus a woman who had an Arts B.A., was 40 years old, worked one day per week and earned $1250 per year would pay on the basis of her $1250 income plus 4/5 of the $6250 average earnings of 40 year-old female B.A. graduates working full-time. Other possible suggestions for the treatment of married women not in the labour force are described in our Report.

9. Records of the individual's contributions to the CORSAP fund would be kept in his income tax file. When he had repaid the full amount of the advances made to him as a student, plus interest accumulated at the agreed rate he would be notified that his obligation was fulfilled and that no further payments would be required. The interest rate used for this calculation, referred to in the literature and our Report as an "opt-out" rate, would be greater than the CORSAP fund's borrowing rate and less than the market rate for educational (unsecured) loans. The individual exercises no option because he cannot leave the fund earlier (unless he and the authorities can agree on his anticipated income) and he will not (rationally) continue to make unrequired payments.

10. An individual who, because of low earnings, had not repaid an amount equal to principal plus accumulated interest by the end of the repayment period (say 30 years) would simply be advised that further repayments were not required. And everyone would live happily ever after.

The CORSAP Fund

1. The provincial (or preferably the federal) government would establish an independent agency to administer the program.

2. This agency would establish a fund from which it makes advances directly to students. The agency initially would raise funds by issuance of government bonds and later through the payments received from graduates, via the Department of National Revenue.

3. The agency could administer a means test, provide grants, subsidize the fund, or alter its activities in a number of ways on instruction from the government.

A P P E N D I X "H"

# COUNCIL OF MINISTERS OF EDUCATION, CANADA

## POST-SECONDARY EDUCATION COMMITTEE

## SUBCOMMITTEE ON NEW APPROACHES TO STUDENT ASSISTANCE

## SUMMARY OF A PROPOSAL FOR A NEW PROGRAM OF FINANCIAL ASSISTANCE TO STUDENTS

### INTRODUCTION

History - In this brief summary of the work of the Subcommittee on New Approaches to Student Assistance no attempt is made to provide the full details of background papers, research, and analysis which will be included in the final report. For information concerning the basis upon which the Subcommittee began its work one should refer to the two position papers submitted by the Ontario Department of University Affairs to the Committee on Post-Secondary Education in October 1968 and February 1969, to the minutes of those two meetings and, as well, to the interim report made by the Subcommittee to the Post-Secondary Education Committee in June 1969.

It should be noted that this first proposal is an attempt to deal with the first of the two major areas outlined in the interim report; that is, it is designed to provide a continuing system of financial assistance to those students who actually are enrolled in post-secondary educational institutions. It is not anticipated that this scheme will provide a solution to the broader problem of accessibility to post-secondary education which affects the decisions of able students in the lower income groups. Also, it must be recognized that it represents a "package" which has been designed to illustrate and implement a number of basic ideas and principles. Accordingly it should be regarded, not in terms of the acceptability of each of its parts, but rather within the context of the major objectives it is striving to serve.

Existing Situation - It is evident, particularly in view of the economic situation which faces both provincial and federal governments today, that the costs of post-secondary education are increasing at a much more rapid rate than is the general productivity of the nation. A recent summary of financial statistics of Canadian Universities and Colleges, issued by the Dominion Bureau of Statistics, stated:

> "Another indicator of rapidly increasing university expenditures is the percentage of the gross national product devoted to this field. In 1961-62 this percentage was 0.79 per cent; six years later, in 1967-68, it increased to 1.76 per cent, reflecting the relative rate of growth. During those six years, while the gross national product increased by 65.8 per cent university expenditures increased by 270.3 per cent."

As the total costs of post-secondary education have escalated, so has the scale of assistance to students. For example, the value to students of funds received through the Canada Student Loans Plan has risen by 149 per cent from $26.4 million in 1964-65 to $65.8 million in 1968-69. Similarly, the total government support to post-secondary students in Canada has risen in one year alone from $126.6 million in 1966-67 to $155.4 million in 1967-68. Significantly, of this support approximately one half was given in the form of non-repayable grants. When the total cost of post-secondary education is calculated in conjunction with this information, there is no doubt that expansion of this magnitude cannot continue to be supported from current financial resources.

Dr. A. R. Dobell, in the foreword to the report of the study conducted by IQASEP for the Ontario Student Awards Committee has commented most effectively:

> "The fundamental problem is that the claim upon the resources of the community for purposes of post-secondary education is already large, and is growing explosively. The real costs of meeting this claim are the other goals the community must forego in order to free the resources required to mount the educational programs demanded. There is no free education, under any circumstances;

> there is only the question who pays .... The point, then, is that the transfer of resources to education represents a real cost to the community in terms of its other goals foregone, and there is no way to avoid this cost. We must therefore find ways to test very carefully that the benefits of this transfer justify the sacrifices entailed, and to ensure that these sacrifices do not fall disproportionately upon particular groups, especially upon those which might be barred from access to the direct benefits of the transfer."

If the validity of this argument is accepted and also the principle of ensuring that financial resources should be available to all who are academically able and willing to pursue a program of post-secondary education, the need for a careful review of the methods of providing these resources becomes of paramount importance.

Inherent in this review must be the recognition that, at present, a significant portion of public support for students consists of non-repayable assistance awarded without regard to the individual's own financial resources. While the value of providing incentive for scholarship in this way has long been recognized, this method of distributing a limited public resource to a very small segment of the total population also needs to be evaluated in terms of its relative effectiveness

Philosophy and Objectives - This proposal has been developed on the basis of a number of fundamental premises, all of which have a direct bearing on the approach which has been taken The final report will set out these in much greater detail, but it appeared essential to outline briefly at this stage some of the aspects which have influenced the Subcommittee's thinking.

The terms "accessibility" and "equality of educational opportunity" have been used with increasing frequency during recent years as an expression of the desire to ensure insofar as is possible, that every individual be given the opportunity to progress in life as far as his ability and motivation will allow him. While the provision of funds to assist an individual to continue with his formal education may be one means of providing for equality of opportunity, and the provision of facilities for him to continue to progress does ensure accessibility, neither of these will guarantee that all individuals in society will be equal. As long as individual human differences exist and as long as society differentiates among people of differing abilities, there will be stratification. Nevertheless provision of the opportunity to meet one's potential should be a reasonable goal for society. At present there are many causes for failure in this area. One of these reasons is the individual's lack of access to the resources necessary to permit him to continue to progress. It is to this particular problem that this proposal is addressed.

It must be recognized, however, that other environmental factors play a large role in determining the rate and the extent of an individual's progress. The belief that a much broader and more fundamental approach must be taken to these social problems is implicit in the recommendations of the Subcommittee.

In approaching the question of making available the necessary resources to students to continue with their education, recognition must be made of the benefits which accrue both to society and to the individual. That there is a distinct relationship between the individual's progress and society's progress has been generally accepted. The only question remaining is the proportion of the benefit that accrues to each. Because of the inter-relationship of these two features, however, it has been exceedingly difficult to establish ratios or relative values for these benefits. Even so, the complexity of this problem should not preclude recognition of these mutual benefits nor should it prevent the development of programs which will guarantee both the realization of their respective needs and the assumption of the appropriate share of responsibility.

In order to be effective, any plan of financial assistance must be developed within the context of society as it exists. At the same time, the plan must provide the individual with the opportunity to develop his capabilities to the extent that he himself chooses. However, as long as the individual is given freedom of choice, society will insist on retaining the right to determine his place within that society. Such a system favours a philosophy of participation that works both ways The inherent question then becomes at what stage does the individual accept his share of responsibility for meeting society's goals?

Attention had to be given, in addition to the obvious cost implications of various alternative programs of assistance, to the way in which such programs would be financed. Both questions had to be related to the general context of the existing structure. It was recognized that no major changes which would necessitate a complete shift in the use of public funds could be anticipated without giving adequate attention to the implications involved.

## THE PROPOSAL

Introduction - There appear to be two major problems associated with the existing structure of financial assistance to students in Canada. The first is the rapidly escalating costs of maintaining existing programs. The second is the obvious inequality of financial resources available to students throughout various regions. It appeared to the Subcommittee that the problems related to these two features of the existing structure must be resolved within the context of any proposal if that proposal were to be effective.

Without in any way wishing to minimize the value and the importance of the existing programs of financial assistance to students, the inflexibility of these programs and the disparities which exist within them are of such a nature that the need for a major revision has become imperative.

In summary, then, the following characteristics were deemed to be of primary importance in the development of this proposal:

a) It should be national in scope, capable of operating within a confederation of ten provincial governments and one federal government.

b) It should apply uniformly to all students enrolled in programs of post-secondary education.

c) It should be flexible enough to allow for adaptation as varying forms and structures within the post-secondary school system evolve.

d) It should conform to the generally accepted rules of equity and justice, both on a social and economic basis.

e) It should distribute the available public funds in such a way as to guarantee that the person who subsequently does not enjoy a large measure of economic benefit from his post-secondary education should be the one to receive that portion of outright grant assistance which the system can provide.

f) It should facilitate the mobility of the Canadian student within his country.

g) It should strive for the greatest simplicity of operation.

Terms

1. Initially, public financial assistance to students will be in the form of interest bearing loans. This method of providing assistance to students guarantees that the cost will be borne by the individual who receives the

ultimate benefit from his education. The immediate cost to the Government of underwriting a loan scheme is proportionately far less than for programs of direct awards to students.

2. The student is responsible for paying back the total amount of his borrowing plus the cumulative annual interest. Repayment can commence with the first full year (12 consecutive months) of income. He would be expected to begin repayment, then, at the end of the first year in which he pays income taxes.

3. The amount of the annual repayment will be a factor of the recipient's taxable income. Repayment is tied to income tax because this is the closest measure available of the actual economic benefit which an individual receives from his education. If he enjoys a high income after completing his formal education, presumably he realizes a good return on his investment. In such cases he can be expected to repay fully his debt with accrued interest within a reasonably short period of time.

If he does not receive a high income after graduation he will not be able to repay his loan at the same rate as his more fortunate counterpart. In fact, if his income is sufficiently low he may never be in a position to repay the total debt incurred. In this case, the balance of his loan, including the interest, should be forgiven after a reasonable period of time. It is at this point only that the aspect of a grant comes into play. This method of assistance then guarantees that only those who do not benefit in dollar terms from their investment will receive grant assistance.

4. Annual repayments are concluded in two ways: (i) when the total debt, including interest, is fully paid, or (ii) after the payment of 15 annual instalments. The principle here is quite simple. If an individual earns enough in 15 working years after graduation to repay his total debt, then he has benefitted accordingly from the investment. It should be noted here that any person may repay his total indebtedness plus interest at any time. The amounts calculated for annual repayment are to be considered minimal.

Fifteen years has been chosen as a reasonable period of time in which to operate the program. It should be emphasized that at this preliminary stage flexibility is provided either to lengthen or shorten the number of years of repayment or to increase or decrease the amount repaid annually as long as the scale is based upon a percentage of income tax paid. Final determination of these two features will depend upon more detailed actuarial analysis than has been possible to date.

5. The loans will bear interest from the date of issue at "prevailing" rates. While the actual rate of interest to be charged will vary in accordance with market conditions, the intention here is to make it possible for individuals to borrow money at a rate which is equivalent to that which could be obtained by the majority of citizens from commercial sources such as the chartered banks. It is important that undue demands not be put upon the assistance program solely because of favourable interest rates. Equally important from the social point of view is the principle that this assistance should be looked upon as an investment and not as a subsidy.

6. <u>Loans will be granted to cover all approved educational costs</u>. For many reasons, this aspect of the program must remain flexible. Under the present structure, living costs must be incorporated within the "approved" portion of a student's educational costs. If, at some time in the future, changes occur in the policies for providing maintenance support for those in need, this program could be adjusted accordingly.

   Similarly, this program will permit adjustment of fees in accordance with changes in philosophy and policy concerning the proportion of educational costs which it is determined should be borne by the individual. This is a broader question which deserves much debate. At this point, it is perhaps enough to indicate that the proposed program can adapt itself readily to changes in policy in this regard.

7. <u>Every applicant must satisfy the criteria of a needs assessment</u>. Since education is an investment, it is only reasonable to assume that those who have private financial resources should use them whereever possible. This plan is designed to assist

those who are not in a position to obtain the necessary funds through private sources.

8. All post-secondary students, both full-time and part-time, will be eligible to apply for assistance under this program. The criteria for part-time students may be somewhat different from those for full-time students and will have to be worked out in detail. The principle, however, is clear. Many adults who return for part-time studies are not in a position to finance these out of current income, particularly if the fees should be adjusted in future to approximate more closely the costs of the programs. It can be argued effectively that these people are equally deserving of the opportunity of investing in their future as are students coming directly from secondary school.

## Funding

1. It is hoped that this program will be financed by and through the Federal Government. In view of the features related to taxation, it is sincerely hoped that this can be a national, federally supported, loan program.

2. The lenders will be paid directly by the Government. While the borrower may receive his loan from the lending institution, repayment will be made by the Government to that institution.

3. Repayment to the Government by the borrower is absolutely independent of the reimbursement of the lender by the Government. In this way, the Government may take advantage of a preferred rate of interest from the lending institution, but still require the individual who borrowed the money to repay his loan at prevailing rates of interest. Any balance accruing from such a procedure would, of course, be used to assist with the deficit incurred by the Government on behalf of those whose income is not sufficient to warrant total repayment.

4. The annual net cost to the Government is the difference between the amount paid by the Government to the lenders and the repayment received by the Government from the borrowers in the same year. It should be noted that there is no intention to make this scheme entirely self-supporting. The net deficit incurred in this way by the Government in a given year should be considered as part of the support given to post-secondary education. Also, it should be noted that no

individual is expected to repay more than the total of his debt plus accrued interest.

## Administration

1. It is assumed that the machinery established for the Canada Student Loans Plan may be adapted to encompass the administration of awarding loans under this proposed program. As long as a needs assessment is employed it would seem feasible to continue using the existing structure. Another possible alternative might be for the Federal Government to negotiate with the chartered banks for the granting of loans provided they are prepared to undertake the additional burden involved in assessing each applicant. This alternative would seem to have more merit if the needs criteria were lightened considerably or removed altogether.

2. The agent of collection should be the Minister of Revenue. It is recommended that repayment of loans be associated with income tax payments both for the purpose of determining the amounts to be paid and for efficiency of administration. This would appear to be the logical method of exercising control. However, failing this, perhaps some entirely independent agency

or commission might be established to handle the administration of the whole program if necessary.

## Implementation

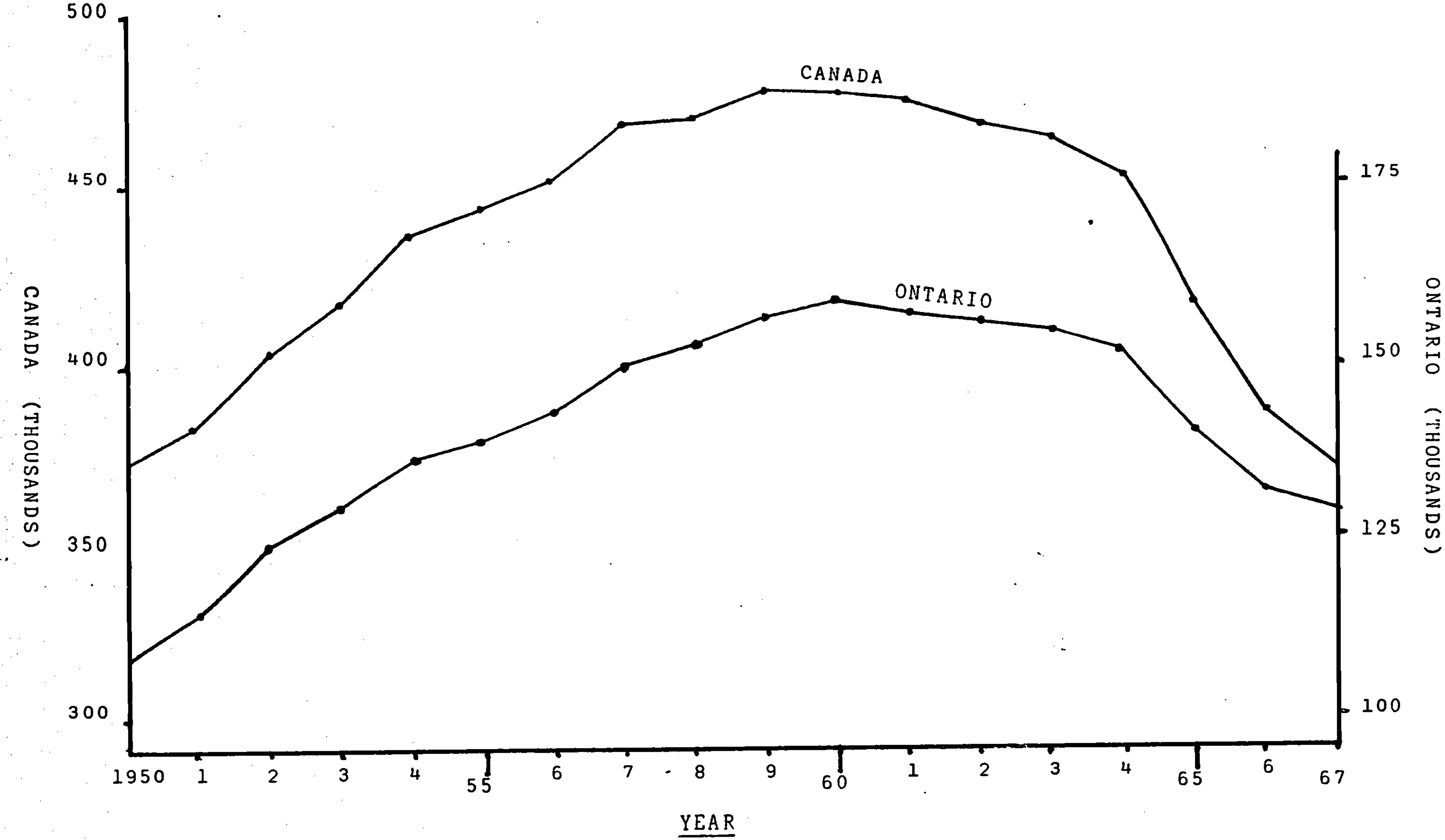
The Subcommittee is acutely aware of the urgent need for an adjustment in the programs of financial assistance to students in Canada. At the same time, recognizing that this is an important facet of the whole program of support to post-secondary education, the need for careful analysis and evaluation within this context is acknowledged. Should the proposed scheme prove feasible, it is hoped that it could be inaugurated by 1972.

On the one hand, implementation of a scheme of this scope and magnitude within that period of time might appear to be overly optimistic. Nevertheless, we are firmly convinced that there could be a distinct possibility of meeting that time requirement if all departments and agencies involved could work together towards a resolution of those matters which require specific decisions. It is for this reason that the Subcommittee recommends strongly that the Federal Government be invited to join in the detailed planning and analysis which is now required. Such participation will ensure that the needs and interests of both levels of Government will be given full consideration and that each aspect of the program will be feasible and acceptable to all concerned with its implementation.

21st November, 1969.

## APPENDIX "I"

LIVE BIRTHS - CANADA and ONTARIO
1950 - 1967




Source: DBS Vital Statistics Bulletin, Catalogue No. 84-202; this information was kindly provided to the Subcommittee by Dr. John Ruptash, Chairman of the OCSA Long-range Planning Subcommittee.